



CREATING TOMORROW TODAY

BHP BILLITON LIMITED ANNUAL REPORT 2004



BHP Billiton is the world's largest diversified resources group, operating a unique mix of high-quality assets across the globe. We structure our portfolio of assets into seven customer-oriented groupings called Customer Sector Groups. These are Petroleum, Aluminium, Base Metals, Carbon Steel Materials, Diamonds and Specialty Products, Energy Coal and Stainless Steel Materials.

As you will see on the following pages, our commodities are used in a vast range of products, from playful plastics to powerful PCs to super-fast trains. We're proud of the contribution our operations are making to 'creating tomorrow today' while delivering value and sustainable returns for our shareholders.

WE CREATE VALUE THROUGH THE DISCOVERY, DEVELOPMENT, CONVERSION AND MARKETING OF NATURAL RESOURCES

ANNUAL GENERAL MEETING

The Annual General Meeting of BHP Billiton Limited will be held at the Harbourside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney on Friday 22 October 2004 commencing at 11.00 am.

ABOUT THIS REPORT

BHP Billiton is a Dual Listed Company comprising BHP Billiton Limited and BHP Billiton Plc. The two entities continue to exist as separate companies but operate as a combined group known as BHP Billiton.

The headquarters of BHP Billiton Limited and the global headquarters of the combined BHP Billiton Group are located in Melbourne, Australia. BHP Billiton Plc is located in London, UK. Both companies have identical Boards of Directors and are run by a unified management team. Throughout this Report the Boards are referred to collectively as the Board. Shareholders in each company have equivalent economic and voting rights in the BHP Billiton Group as a whole.

The laws in Australia and the UK require us to adopt a different approach to reporting results. This Concise Report deals with the affairs of the BHP Billiton Group.

Throughout this Report, the terms BHP Billiton, the Company and the Group refer to the combined group, including both BHP Billiton Limited and subsidiary companies and BHP Billiton Plc and subsidiary companies. The term 'the merger' has a corresponding meaning.

Copies of the Annual Reports for BHP Billiton Plc and BHP Billiton Limited (Concise Report and Combined Financial Statements) can be found on www.bhpbilliton.com. Shareholders may also request a copy by telephoning 1300 656 780 (within Australia) or (61 3) 9649 5020 (from elsewhere).

BHP Billiton Limited.
ABN 49 004 028 077.
Registered in Australia.
Registered Office:
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Melbourne Victoria 3000
Australia.

BHP Billiton Plc.
Registration Number 3196209.
Registered in England
and Wales.
Registered Office:
Neathouse Place,
London SW1V 1BH UK.

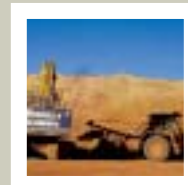
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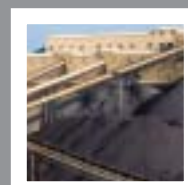
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CHAIRMAN'S REVIEW

'I commend my Board colleagues and Chip Goodyear and his team for their continued commitment to superior performance and transparency, which has enabled the Company to turn in a stellar performance for the 2004 financial year.'

Don Argus, Chairman

A world class diversified asset base; stable and increasing cash flows; strong margins stemming from cost savings, operating efficiencies and higher commodity prices; growing volumes, a range of premium organic growth options together with an engaged and committed workforce have contributed to the stellar profit performance recorded by BHP Billiton for the financial year ended 30 June 2004.

Our profit before borrowing costs, tax, depreciation and amortisation was US\$6.7 billion; our net operating cash flows reached US\$5.3 billion and the total dividend payment for the year was 26 US cents a share, compared with 14.5 US cents a share last year. Three dividends were declared this year as a result of our decision to realign dividend dates to coincide with announcements of our interim and full year results. In recognition of the strength of our cash flow, we are assessing the best way to return up to US\$2 billion to shareholders.

Today BHP Billiton has a market capitalisation of around US\$58 billion, compared to US\$35 billion as at 30 June 2003 and US\$28 billion at the time of the merger announcement in 2001. Since the merger, our focus on creating value has resulted in BHP Billiton Limited outperforming the ASX200 by 75 per cent and the S&P 500 by 83 per cent and BHP Billiton Plc outperforming the FTSE100 by 106 per cent and the S&P 500 by 92 per cent. All this is a very satisfying result for shareholders: it demonstrates market recognition of our performance and vindicates the strategic direction being undertaken by the Group.

Resource companies are often criticised by the financial market for 'wasting' capital, by investing in big capital projects when times are good then failing to generate an acceptable return on that capital. One of the reasons that the financial markets now recognise BHP Billiton as a very different resource company is our return on capital. This year, we achieved a financial return on capital of 19.7 per cent, an extremely competitive result for a resource company. If we look at the Shareholder Value Added measure over the past three years, during part of which global growth was in a downturn, we see a testament to the discipline and focus that Chip Goodyear and his team have brought to the consistent delivery of our strategy and allocation of capital over this period.

BHP Billiton is not immune from market volatility but if we continue to deliver growth with returns above our cost of capital and maintain a strong cash flow, we will continue to attract a wide investor base and achieve our objective of becoming a core shareholding for global institutional investors as well as for individual shareholders and superannuation funds.

While we are extremely proud of our financial results for the year, ultimately it is the ability of an entity to manage its assets well and execute growth opportunities that create sustainable value in a company. The quality of our resource reserves, product and geographic diversity are the foundation of our success. Together with our pipeline of project opportunities, which remains unequalled in the industry, these attributes provide us with the confidence that the growth momentum can be maintained in the near to medium term.

Corporate Governance

Shareholders, community groups, the legal system and governments have greater expectations than ever before of the behaviours required of our corporations and their leaders. The Board of BHP Billiton recognises that out-performance can only be sustained over the long term if the right governance framework is in place. Empirical evidence is starting to emerge that supports this view and we applaud those investment institutions working hard to demonstrate the link.

At BHP Billiton the Board is committed to a governance framework that supports the pursuit of the Group's objective – that is the creation of long-term value for shareholders through the discovery, development and conversion of natural resources and the provision of innovative customer and market-focused solutions. The most challenging but integral ingredient for the effective operation of a board is the relationship between directors and how they function as a group. For a board to operate effectively it is imperative that there is a climate of trust where every member of the board is not only provided with timely information but is encouraged to question and challenge each other, the operational management and accepted wisdom and strategy.



Another essential element in the governance process is a commitment to board renewal. To assist this process, skill set requirements are regularly reviewed; a collective review of the Board as a whole and its various sub-committees is undertaken every two years and individual non-executive Director reviews are undertaken every alternate year or when a Director offers himself/herself for re-election. The Board has also adopted a Board Governance Document that outlines the processes and practices that the BHP Billiton Board has adopted to discharge its responsibilities to shareholders. It outlines the individual qualities of the Directors and their commitment to the collective decision-making process and describes the separate roles, authorities and accountabilities of each of the Board and the Chief Executive Officer. It outlines how delegated authority is monitored and performance is evaluated. A copy of the document can be found on our website at www.bhpbilliton.com and the principal policies and practices that we have adopted are outlined in the Corporate Governance Statement that appears in this Report.

Again I commend my Board colleagues and Chip Goodyear and his management team for their continued commitment to superior performance and transparency, which has enabled the Company to turn in a stellar performance for the 2004 financial year.

Corporate Social Responsibility

BHP Billiton is committed to meet and exceed stakeholder expectations beyond measures of revenue, profit and legal obligation and we have made considerable progress in the past 12 months. We have set ourselves clear targets and publicly report our progress in our detailed Health, Safety, Environment and Community Report. As an example, we have set ourselves a target for aggregate contributions of 1 per cent of our pre-tax profit, calculated on a rolling three-year average, on community programs. We have again exceeded this target and are very pleased to have received external recognition for the quality of the programs. Despite this progress, we have failed to meet our most important target – zero fatalities. Tragically 17 employees or

contractors lost their lives during the year, an outcome that is unacceptable by any measure. Management have refocused and redoubled their efforts to address this issue in line with the Group's target of Zero Harm. We know this is achievable because we have many operations around the world where excellence in safety has been and is being consistently achieved.

Outlook

This is an exciting time to be part of the resources industry. The global economy has been experiencing a significant increase in growth with simultaneous demand increases in many economies. Of particular note has been strong growth in China, Japan and other Asian economies. We expect China's economy to ease modestly from current near double-digit growth rates yet remain a large and sustainable consumer of raw materials and resources in coming years. As in any economic cycle, we expect the rate of growth to vary from period to period, although we do not see this altering the course of long-term growth and development.

Broadly-based world growth, China's strong demand growth and relatively low inventory levels suggest that commodity prices could be sustained at higher levels than experienced in recent years. However, stronger prices will in turn act as an inducement to new supply, which should bring supply and demand fundamentals back towards balance over the medium term.

BHP Billiton is well placed to exercise the growth options within our portfolio and increase production capacity for many commodities currently in short supply. Many of these expansions can be brought to market quickly and at low cost, a key competitive advantage that ensures we can be profitable not only in today's strong demand environment, but throughout the economic cycle.

Don Argus, Chairman

CHIEF EXECUTIVE OFFICER'S REPORT



In a global environment of strong demand and increasing US dollar commodity prices, BHP Billiton has responded quickly and cost-effectively to the opportunities presented, resulting in the year's record net profit of US\$3.4 billion. Our ability to increase production across our businesses in response to demand and strong prices and meet our customers' requirements in a robust market reflects the success of our broader strategy built around a high-quality and diversified asset base, efficiency improvements, both short and longer-term growth options and customer-focused marketing. In short, your Company was positioned well to respond to and take advantage of the past year's economic conditions.

However, as a company with core goals beyond annual financial performance, we are unable to claim genuine success. While we have seen improvement in a number of our safety statistics, our performance has not been acceptable in relation to fatalities, with a devastating 17 deaths across our operations during the financial year. While we are confident that our commitment to ensuring the highest safety standards has not waned, clearly we must continue to identify and rectify any areas of weakness in our safety program. It is my strong view that safety management can only be successful if led from the top and our entire executive team is committed to and individually accountable for improving our record.

In the other important non-financial areas of environmental responsibility and community support, I am proud of our achievements and point to the range of exciting and innovative programs that we support around the world. There are many more programs outlined in our separate Health, Safety, Environment and Community Report. We were pleased to receive wide-ranging recognition for some of these programs, in particular the Global Business Coalition on HIV/AIDS award – Business Excellence for Innovation and a Special Award for Impact on a Community in the Australian Prime Minister's 2003 Awards for Excellence in Community Business Partnerships.

Operating Performance and Reaching our Markets

Every one of our seven Customer Sector Groups increased its profitability in fiscal 2004. Our Carbon Steel Materials business continued its record performance, responding to continuing

strong demand for iron ore and, more recently, coking coal and manganese. By accelerating capacity expansion programs at our Western Australian iron ore operations and ramping up manganese production, we were able to benefit from strong price increases.

The Base Metals business showed significant improvement, largely due to a strong copper price, our ability to produce increased tonnage at Escondida in northern Chile, despite some constraints relating to water recovery, and the re-start of Tintaya in Peru. Our Aluminium business had a record year for both production and profit: the early completion of aluminium smelter expansion projects at both South Africa's Hillside and Mozambique's Mozal endorsed our decision three years ago to invest in this business. The strong operational performance of our nickel assets, together with a sharp increase in price, saw the Stainless Steel Materials business increase its profit before tax contribution by 283 per cent, a record performance.

A strong oil price supported an excellent result from our Petroleum business. Continuing development of new opportunities in the increasingly significant Gulf of Mexico and access to new gas markets are helping to offset the decline of some of our legacy assets in Australia. This strategy will start to pay dividends as we expect to see increasing oil and gas output from fiscal 2005 forward.

Our Energy Coal business improved its performance during the year, largely due to the ramp-up in production at Mt Arthur North in New South Wales, Australia, and an improved performance from Cerrejon in Colombia. Diamonds and Specialty Products benefited from the mining of the higher-grade Koala pipe during the first half of the year. Despite lower ore grades in the second half, the EKATI Diamond Mine produced nearly 5.5 million carats.

Growth

Much of the year's successful financial performance is directly attributable to the implementation, below budget and ahead of schedule in many instances, of a series of growth projects that have enabled us to meet increased global demand for commodities. Seven major projects and several smaller

'Your Company was positioned well to respond to and take advantage of the past year's economic conditions. Every one of our seven Customer Sector Groups increased its profitability in fiscal 2004.'

Charles Goodyear, Chief Executive Officer

expansions of existing operations were completed during the year. These included the Hillside aluminium smelter expansion, expansions of our Western Australian iron ore mines along with rail and port facilities, the Mt Arthur North thermal coal operations in Australia, the Ohanet wet gas operations in Algeria and the Zamzama natural gas facilities in Pakistan.

Approved for development to meet future demand were a further iron ore capacity expansion in Western Australia to 110 mtpa; the innovative Escondida Sulphide Leach project in Chile; the Ravensthorpe nickel mine and Yabulu nickel refinery extension in Australia; a series of projects to increase alumina production at Worsley in Western Australia; and the Panda Underground project at our EKATI Diamond Mine in northern Canada. Representing a capital expenditure of US\$2.2 billion in total, each of these approved projects can be funded from the Company's strong and stable cash flow.

Innovation/Exploration

Our emphasis on developing and implementing leading-edge technology was demonstrated not only across our operations, but also in the approval of several new projects. A prime example is the Escondida Sulphide Leach copper project, which will produce an additional 180 000 tonnes of copper cathode each year, beginning in 2006, using a bacterially-assisted leaching process on low-grade run of mine ore.

Our three patented FALCON™ Airborne Gravity Gradiometer systems flew some 217 000 kilometres on four continents during the year. About 75 per cent of these operations were managed by companies with the dedicated purpose of using FALCON™ to discover new mineral deposits.

Petroleum exploration activities continued to yield positive results in the Gulf of Mexico from the Shenzi, Neptune and Puma wells and we continued to increase our position in the region through additional lease acquisitions. Positive results were also achieved in the Exmouth sub-basin in Australia.


Our People

The effort and commitment required by all our people, at every one of our operations and offices around the globe, have been significant. I am extremely proud to be leading the 35 000 people who have contributed to our successes. I need, however, to reinforce the responsibility of all our people to ensure that our safety standards are not compromised and that we continue to improve our overall safety performance.

Going Forward

The impact of China's growth has shaped BHP Billiton's operating and development performance over the past year and we expect this to continue over the medium and long term. Sales to China represented approximately 10 per cent of our total sales in fiscal 2004. While we believe China's growth and the effect it has on the global economy will be a factor impacting product demand, we expect inevitable disruptions and downturns along its economic growth path.

While rising raw material demand from the developing world will benefit your Company in years to come, BHP Billiton is not dependent on this for long-term success. Our strategy is appropriate for both weak and strong markets. We will continue to optimise the operational performance of our world-class assets; seek operational efficiencies to ensure we remain competitive; focus on the needs of our customers; execute our internal organic growth options in line with market demand; and, where it creates additional value for shareholders, opportunistically execute acquisitions. It is our firm belief that this strategy will enable us to continue to deliver superior shareholder value and meet our ultimate goals associated with being a leading global company.



Charles Goodyear, Chief Executive Officer

FINANCIAL PERFORMANCE 2004

BHP BILLITON GROUP

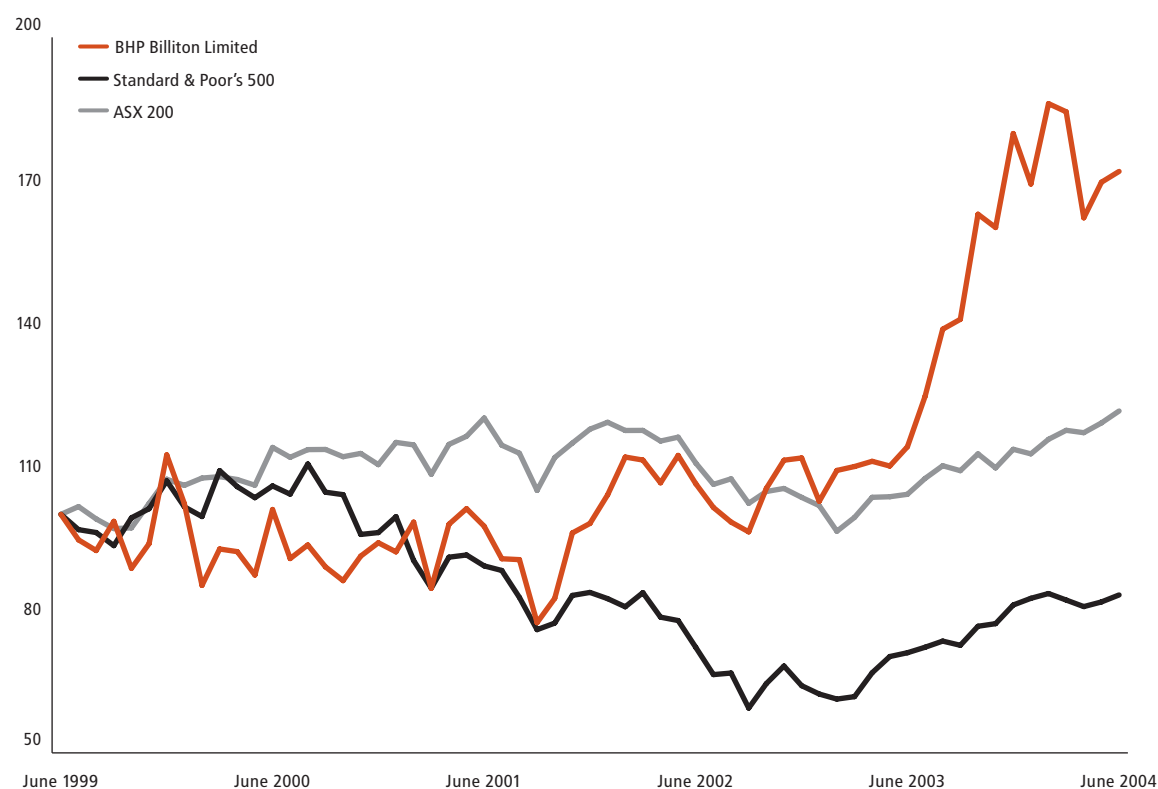
US\$ million	2004	2003	Change
Sales revenue ⁽¹⁾	22 887	15 608	46.6%
Profit before borrowing costs and tax ⁽¹⁾	4 859	3 313	46.7%
Net profit attributable to members ⁽¹⁾	3 403	1 879	81.1%
Net operating cash flows ⁽¹⁾	5 310	3 633	46.2%
Net assets at 30 June ⁽¹⁾	15 425	12 839	20.1%
EBITDA interest coverage (times) ^{(1) (2)}	22.7	14.7	54.4%
Gearing at 30 June ⁽¹⁾	23.6%	31.0%	(23.8)%
Basic earnings per fully paid ordinary share (US cents) ⁽¹⁾	54.7	30.3	80.7%
Dividend per ordinary share (US cents) ⁽³⁾	26.0	14.5	N/C

⁽¹⁾ From Continuing Operations, excluding the Group's Steel business, which was demerged in July 2002.

⁽²⁾ EBITDA is earnings before interest, tax, depreciation and amortisation. For the purposes of calculating interest coverage, interest includes capitalised interest, excludes the effect of discounting on provisions and other liabilities, and exchange differences arising from debt and is net of interest revenue.

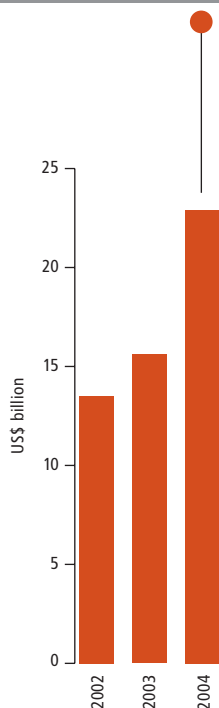
⁽³⁾ Three dividends were declared for the year ended 30 June 2004, compared to two dividends declared in the previous years, as a result of the Group's decision to realign dividend declaration dates with the announcements of our interim and full year results.

Relative share price performance index – 5 year (US\$)



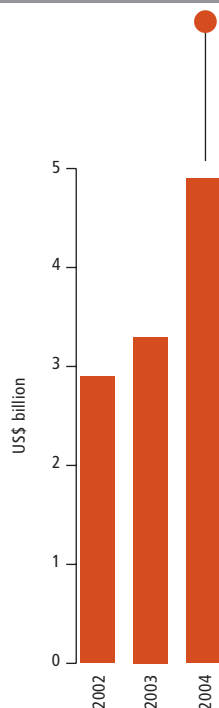
SALES REVENUE⁽¹⁾

US\$22.9B



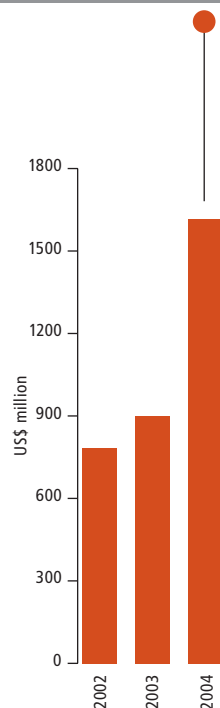
PROFIT BEFORE BORROWING COSTS AND TAX⁽¹⁾

US\$4.9B



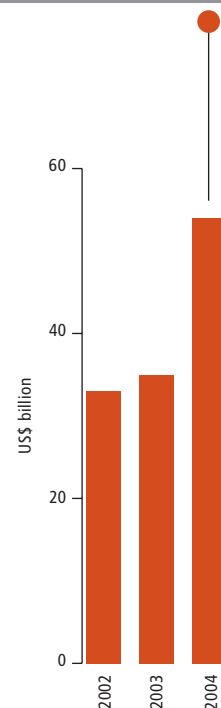
DIVIDENDS TO SHAREHOLDERS⁽²⁾

US\$1617M



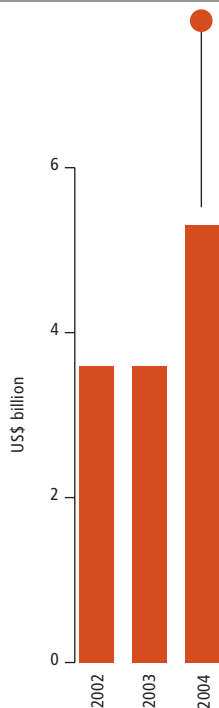
MARKET CAPITALISATION
(at 30 June)

US\$54B



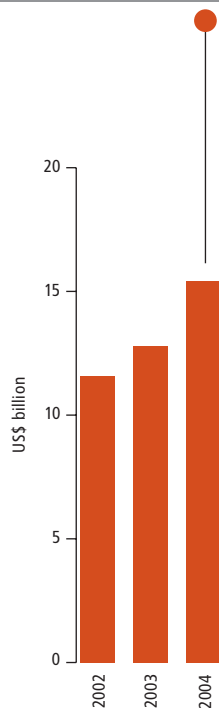
NET OPERATING CASHFLOWS⁽¹⁾

US\$5.3B



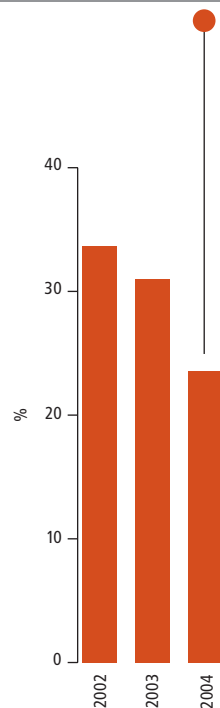
NET ASSETS⁽¹⁾

US\$15.4B



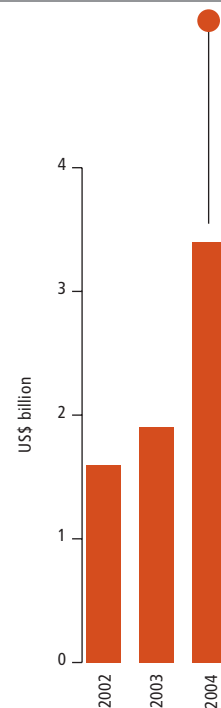
GEARING⁽³⁾

23.6%



NET PROFIT⁽¹⁾

US\$3.4B



⁽¹⁾ From Continuing Operations, excluding the Group's Steel business, which was demerged in July 2002.

⁽²⁾ Three dividends were declared for the year ended 30 June 2004, compared to two dividends declared in the previous years, as a result of the Group's decision to realign dividend declaration dates with the announcements of our interim and full year results.

⁽³⁾ Gearing as at 30 June 2002 includes the Group's Steel business, which was demerged in July 2002. Gearing is net debt/(net debt + net assets).

REVIEW OF OPERATIONS

All references to production volumes are BHP Billiton share unless noted otherwise.

CSG Assets	Principal activity	Country	BHP Billiton ownership (%)	2004 production BHP Billiton share
PETROLEUM				
Crude Oil & Condensate ('000 barrels)				
Bass Strait	Oil & gas	Australia	50.0	21 020
North West Shelf – condensate	LNG, liquids & gas	Australia	8.33-16.67	5 414
North West Shelf – Wanaea/Cossack	LNG, liquids & gas	Australia	8.33-16.67	6 155
Laminaria/Corallina	Oil	Australia	25-32.6	3 848
Griffin	Oil & gas	Australia	45.0	2 270
Pakistan	Gas & condensate	Pakistan	38.5	205
Typhoon/Boris	Oil & gas	US	50.0	5 738
Americas	Oil & gas	US & Bolivia (a)	4.95-78.8	1 739
Liverpool Bay	Oil & gas	United Kingdom	46.1	8 099
Bruce/Keith	Oil, gas & LPG	United Kingdom	16-31.83	1 651
Algeria	Oil & gas	Algeria	36.04-45	1 888
				58 027
Natural Gas (billion cubic feet)				
Bass Strait	Oil & gas	Australia	50.0	116.47
North West Shelf – Domestic	LNG, liquids & gas	Australia	8.33-16.67	15.61
North West Shelf – LNG	LNG, liquids & gas	Australia	8.33-16.67	60.84
Griffin	Oil & gas	Australia	45.0	2.97
Pakistan	Gas & condensate	Pakistan	38.5	30.30
Typhoon/Boris	Oil & gas	US	50.0	8.26
Americas	Oil & gas	US & Bolivia (a)	4.95-50	12.33
Bruce/Keith	Oil, gas & LPG	United Kingdom	16-31.83	35.41
Liverpool Bay	Oil & gas	United Kingdom	46.1	42.15
				324.34
LPG ('000 tonnes)				
Bass Strait	Oil & gas	Australia	50.0	527.99
North West Shelf	LNG, liquids & gas	Australia	8.33-16.67	124.86
Bruce/Keith	Oil, gas & LPG	United Kingdom	16-31.83	71.44
Algeria	Oil & gas	Algeria	36.04-45	129.24
				853.53
Ethane ('000 tonnes)				
				94.30
TOTAL PETROLEUM PRODUCTS (million barrels of oil equivalent)				
				122.47
Growth Opportunities				
<i>ROD Integrated Oil Field Development – Q4 CY04</i>			<i>Oil & gas</i>	<i>Algeria</i>
			36.0	28 800 boe/day
<i>Mad Dog – Q4 CY04</i>			<i>Oil & gas</i>	<i>US</i>
			23.9	20 700 boe/day
<i>Atlantis – Q3 CY06</i>			<i>Oil & gas</i>	<i>US</i>
			44.0	79 200 boe/day
<i>North West Shelf – Mid CY04</i>			<i>LNG</i>	<i>Australia</i>
			16.7	4.2 mtpa (100% basis)
<i>Minerva – Q4 CY04</i>			<i>Gas</i>	<i>Australia</i>
			90.0	150 terrajoules/day
<i>Angostura – Q4 CY04</i>			<i>Oil & gas</i>	<i>Trinidad & Tobago</i>
			45.0	45 000 boe/day
<i>(a) BHP Billiton divested of its petroleum assets in Bolivia in February 2004.</i>				
ALUMINIUM				
Alumina ('000 tonnes)				
Worsley	Alumina refinery & bauxite mine	Australia	86.0	2 799
Paranam	Alumina refinery & bauxite mine	Suriname	45.0	918
Alumar	Alumina refinery	Brazil	36.0	507
				4 224
Aluminium ('000 tonnes)				
Hillside	Aluminium smelter	South Africa	100.0	622
Bayside	Aluminium smelter	South Africa	100.0	184
Alumar	Aluminium smelter	Brazil	46.3	156
Valesul	Aluminium smelter	Brazil	45.5	44
Mozal	Aluminium smelter	Mozambique	47.1	250
				1 256
Growth Opportunities				
<i>Worsley Development Capital Projects – Q1 CY06</i>			<i>Alumina Refinery</i>	<i>Australia</i>
			86.0	250 (100% basis)
<i>Paranam – Q3 CY05</i>			<i>Alumina Refinery</i>	<i>Suriname</i>
			45.0	250 (100% basis)
<i>Alumar Alumina Refinery – Mid CY07</i>			<i>Alumina Refinery</i>	<i>Brazil</i>
			36.0	2 000 (100% basis)
BASE METALS				
Copper ('000 tonnes)				
Concentrate				
Escondida	Copper mine	Chile	57.5	514.9
Tintaya	Copper mine	Peru	99.95	57.5
Antamina	Copper-zinc mine	Peru	33.75	91.9
Highland Valley Copper (a)	Copper mine	Canada	33.6	28.3
Selbaie (b)	Copper-zinc mine	Canada	100.0	4.1
				696.7
Cathode				
Escondida	Copper mine	Chile	57.5	86.7
Cerro Colorado	Copper mine	Chile	100.0	125.5
Tintaya	Copper mine	Peru	99.95	36.0
Pinto Valley	Copper mine	US	100.0	9.5
				257.7
Lead (tonnes)				
Cannington	Silver, lead & zinc mine	Australia	100.0	249 885
				249 885
Zinc (tonnes)				
Cannington	Silver, lead & zinc mine	Australia	100.0	53 624
Antamina	Copper-zinc mine	Peru	33.75	89 603
Selbaie (b)	Copper-zinc mine	Canada	100.0	16 011
				159 238

CSG Assets	Principal activity	Country	BHP Billiton ownership (%)	2004 production BHP Billiton share
BASE METALS continued				
Gold (ounces)				
Escondida	Copper mine	Chile	57.5	103 385
Tintaya	Copper mine	Peru	99.95	11 768
Selbaie ^(b)	Copper-zinc mine	Canada	100.0	7 970
Highland Valley Copper ^(a)	Copper mine	Canada	33.6	2 191
				125 314
Silver ('000 ounces)				
Cannington	Silver, lead & zinc mine	Australia	100.0	37 420
Escondida	Copper mine	Chile	57.5	2 445
Antamina	Copper-zinc mine	Peru	33.75	2 179
Tintaya	Copper mine	Peru	99.95	608
Highland Valley Copper ^(a)	Copper mine	Canada	33.6	323
Selbaie ^(b)	Copper-zinc mine	Canada	100.0	717
				43 692
Growth Opportunities				
<i>Escondida Norte – Q4 CY05</i>	<i>Copper</i>	<i>Chile</i>	<i>57.5</i>	Increased Capacity <i>0 ^(c)</i>
<i>Escondida Sulphide Leach – H2 CY06</i>	<i>Copper Cathode</i>	<i>Chile</i>	<i>57.5</i>	<i>180 000 (100% basis)</i>
<i>Escondida Coarse Particle Recovery – Q3 CY06</i>	<i>Copper</i>	<i>Chile</i>	<i>57.5</i>	<i>54 000 (100% basis)</i>
<i>Spence – H2 CY06</i>	<i>Copper</i>	<i>Chile</i>	<i>100.0</i>	<i>200 000</i>
<i>(a) BHP Billiton sold its interest in Highland Valley Copper with effect from 3 January 2004.</i>				
<i>(b) Production at Selbaie ceased in February 2004, in accordance with mine plan.</i>				
<i>(c) Maintains Escondida capacity at 1.25 million tonnes per annum (100 per cent).</i>				
CARBON STEEL MATERIALS				
Iron Ore ('000 tonnes)				
Mt Newman	Iron ore	Australia	85.0	24 461
Mt Goldsworthy	Iron ore	Australia	85.0	5 844
Mining Area C	Iron ore	Australia	85.0	5 676
Yandi	Iron ore	Australia	85.0	34 159
Jimblebar	Iron ore	Australia	100.0	6 355
Samarco	Iron ore	Brazil	50.0	7 725
				84 220
Metallurgical Coal ('000 tonnes)				
BHP Billiton Mitsubishi Alliance	Metallurgical coal	Australia	50.0	22 534
BHP Mitsui Coal	Metallurgical coal	Australia	80.0	6 981 (100% basis)
Illawarra Coal	Metallurgical coal	Australia	100.0	5 845
				35 360
Manganese ('000 tonnes)				
Samancor	Manganese ore	Australia / South Africa	60.0	4 953 (100% basis)
Samancor	Manganese alloy	Australia / South Africa	60.0	712 (100% basis)
HBI ('000 tonnes)				
Boodarie Iron ^(a)	Hot briquetted iron	Australia	100.0	1 716
Growth Opportunities				
<i>WA Iron Ore RGP – Q4 CY04</i>	<i>Iron Ore</i>	<i>Australia</i>	<i>85.0</i>	Increased Capacity <i>10 000 (100% basis)</i>
<i>Dendrobium – Mid CY05</i>	<i>Metallurgical coal</i>	<i>Australia</i>	<i>100.0</i>	<i>3 600 (Clean)</i>
<i>Broadmeadow Underground Coal Mine – Mid CY05</i>	<i>Metallurgical coal</i>	<i>Australia</i>	<i>50.0</i>	<i>3 600 (Clean) (100% basis)</i>
<i>WA Iron Ore Long Term Expansion F/S – H2 2007</i>	<i>Iron Ore</i>	<i>Australia</i>	<i>85.0</i>	<i>35 000 (100% basis)</i>
<i>(a) Production was suspended at Boodarie Iron following a gas explosion in May 2004.</i>				
DIAMONDS AND SPECIALTY PRODUCTS				
Diamonds ('000 carats)				
EKATI Diamond Mine	Diamonds	Canada	80.0	5 482
Richards Bay Minerals ('000 tonnes)				
	Titanium Dioxide	South Africa	50.0	530
				Attributable capacity
Integrus Metals (million lbs)				
	Metals Distribution	US	50.0	676
Growth Opportunities				
<i>Panda Underground – Early CY05</i>	<i>Diamonds</i>	<i>Canada</i>	<i>80.0</i>	Increased Capacity <i>4 700</i> <i>(100% basis) over six years</i>
ENERGY COAL				
Energy Coal ('000 tonnes)				
Ingwe	Energy Coal	South Africa	100.0	54 253
New Mexico	Energy Coal	US	100.0	13 230
Hunter Valley	Energy Coal	Australia	100.0	8 718
Carrejon	Energy Coal	Colombia	33.3	7 684
				83 885
Growth Opportunities				
<i>Klipspruit – Mid CY06</i>	<i>Energy Coal</i>	<i>South Africa</i>	<i>100.0</i>	Increased Capacity <i>6 000</i>
STAINLESS STEEL MATERIALS				
Nickel ('000 tonnes)				
Cerro Matoso SA	Nickel Refinery	Colombia	99.8	49.1
QNI Yabulu	Nickel Refinery	Australia	100.0	32.6
				81.7
Cobalt ('000 tonnes)				
QNI Yabulu	Nickel Refinery	Australia	100.0	1.9
Ferrochrome ('000 tonnes)				
Samancor	Ferrochrome	South Africa	60.0	1 026 (100% basis)
Growth Opportunities				
<i>Ravensthorpe – Q2 CY07</i>	<i>Contained nickel in concentrate</i>	<i>Australia</i>	<i>100.0</i>	Increased Capacity <i>50</i>
<i>Yabulu – End CY07</i>	<i>Nickel</i>	<i>Australia</i>	<i>100.0</i>	<i>45</i>
<i>Yabulu – End CY07</i>	<i>Cobalt</i>	<i>Australia</i>	<i>100.0</i>	<i>1.4</i>

PETROLEUM



- 1 Ohanet (Algeria)
- 2 ROD Integrated Development (Algeria)
- 3 Zamzama (Pakistan)
- 4 North West Shelf (Australia)
- 5 Bass Strait (Australia)
- 6 Griffin (Australia)
- 7 Minerva (Australia)
- 8 Laminaria/Corallina (Australia)
- 9 Liverpool Bay (UK)
- 10 Bruce/Keith (UK)
- 11 Gulf of Mexico (US)
- 12 Trinidad and Tobago



	US\$ million
Revenue	5 736
Profit before tax	1 456
Capital and investment expenditure	952
Net assets	3 964

Results

Petroleum contributed profit before tax of US\$1456 million, compared with US\$1178 million in 2003, an increase of US\$278 million or 23.6 per cent.

The increase was primarily due to stronger product prices, new production from Ohanet (Algeria) and Boris (Gulf of Mexico) and a smaller loss on exchange due to the lower appreciation of the Australian dollar. These factors were partially offset by lower oil volumes, higher price-linked costs and increased exploration expenditure.

HSEC

Our HSEC performance was mixed. Our Classified Injury Frequency Rate increased and there were several significant safety incidents but no significant environmental incidents.

Good performance was recorded in the implementation of our other HSEC measures with, for example, all our operated assets achieving ISO 14001 certification. All assets have been working towards full implementation of the Company-wide Fatal Risk Control Protocols. Assets that were audited against the HSEC Management Standards recorded good results, with overall audit scores above the Company average.

Additionally, assets developed and implemented HSEC improvement plans as a result of the audits and self-assessments against the Standards.

Efforts continued in the areas of HSEC leadership and information sharing, with the Petroleum Executive Committee members participating on HSEC Standards audits. Global protocols in health and marine operations were issued and others on the environment and HSEC cases are under development.

Markets and operations

The average oil price was US\$32.24 per barrel, compared to US\$28.14 last year. The average natural gas price was US\$2.62 per thousand standard cubic feet compared to US\$2.21 last year.

Total production was 122.5 million barrels of oil equivalent, comprising 55 per cent liquids (crude oil, condensate and LPG) and 45 per cent gas.

Oil production was 58.0 million barrels, 12 per cent lower than last year. Natural field decline from existing assets and the divestment of our Bolivian assets were partly offset by production commencing at Ohanet (Algeria) and the Boris North field (Gulf of Mexico). Gas production (excluding LNG) was 263.5 billion



cubic feet (bcf), 20 per cent higher than last year. This was due to increased demand from Bass Strait (Australia) and the commissioning of the Zamzama Phase 1 development in Pakistan. LNG production from the North West Shelf (NWS) was 60.8 bcf, 2 per cent below last year, due to lower demand in Asia.

Development activities

We pursued our growth objectives with considerable success. Long-term contracts were signed with AGL and TXU for the sale of gas into eastern Australia and we commenced the largest drilling program in Bass Strait since the 1980s.

We announced a proposal to develop an innovative LNG receiving terminal (called Cabrillo Port) for southern California and are currently seeking regulatory and government approvals. There were positive results in the Gulf of Mexico from the Shenzi, Neptune and Puma wells and in the Exmouth Sub-basin in Australia from the Stybarrow, Ravensworth, Crosby and Stickle wells. Our position in the Gulf of Mexico was strengthened with the acquisition of more than 90 lease blocks. We are now one of the largest leaseholders in the Gulf with interests in more than 430 blocks.

Outlook

Our focus remains on delivering our development projects including ROD, Minerva, Angostura, Mad Dog, North West Shelf Train 4 and the Caesar and Cleopatra deepwater oil and gas transportation system, and we will continue working on the Atlantis development.

Exploration activity will continue in the Gulf of Mexico, Western Australia, Bass Strait and Trinidad and Tobago.

Creating fun and adventure. Plastic playground items like this tunnel slide are made with commodities supplied by our Petroleum CSG.

ALUMINIUM



- 1 Hillside/Bayside (South Africa)
- 2 Mozal (Mozambique)
- 3 Worsley (Australia)
- 4 Alumar (Brazil)
- 5 MRN (Brazil)
- 6 Paranam (Suriname)
- 7 Valesul Alumínio (Brazil)



	US\$ million
Revenue	4 463
Profit before tax	765
Capital and investment expenditure	272
Net assets	5 284

Results

Aluminium contributed profit before tax of US\$765 million, compared with US\$569 million in 2003, an increase of US\$196 million or 34.4 per cent.

This increase was due to record alumina and metal production, strong market prices and the success of continuous improvement initiatives, which contributed to capacity creep and operating efficiencies. The strong growth in profit before tax is pleasing as it was achieved in the face of significant increases in raw material and freight costs and the deterioration of the US dollar.

HSEC

Despite a continuing focus on safety, there were two contractor fatalities at Company-managed operations in Suriname. Improvement initiatives are centred on safety leadership, contractor management, hazard awareness and job safety analysis. Notwithstanding the tragic fatalities, our Classified Injury Frequency Rate improved by 42 per cent.

All our personnel are committed to achieving Zero Harm. Our programs on employee health, community development and the environment have received wide recognition.

Markets and operations

The aluminium market strengthened, reflecting improved supply–demand fundamentals. The average LME cash price increased from US\$1436 per tonne in July 2003 to US\$1698 per tonne in June 2004. Global demand improved, with Chinese growth continuing at high levels and demand improving in the US, Japan and other Asian countries. Supply curtailments in China and the US also helped market fundamentals.

The smelter-grade alumina market strengthened against a background of high global refinery utilisation rates, primarily because of Chinese demand. The Metal Bulletin spot price increased from below US\$300 per tonne in July 2003 to above US\$500 per tonne in early 2004, before falling below US\$400 per tonne in June 2004. Weakening in the spot price towards the end of the financial year reflected expectations of a slowdown in Chinese smelting growth. Prices, however, still compare favourably with levels over recent years and historical aluminium equivalent prices.

Aluminium production was 1.26 million tonnes, compared with 1.07 million tonnes last year. The increase was mainly due to Mozal, up 116 000 tonnes to 250 000 tonnes following full commissioning of the Mozal 2 expansion project in August 2003,



and to Hillside, up 88 000 tonnes to 622 000 tonnes following completion of the Hillside 3 expansion project (fully commissioned in December 2003). The increase was partially offset by a 22 000 tonne reduction at Alumar, due to a power supply failure in July 2003.

Alumina production increased from 4.1 million tonnes to 4.2 million tonnes. Production was higher across all operations due to incremental capacity increases.

Development activities

Following completion of Mozal 2 last calendar year, Hillside 3 was completed, increasing capacity to 670 000 tonnes per year. We are now focused on maintaining benchmark operating performance at both operations and delivering additional production via Operating Excellence programs.

A new 20-year electricity contract was signed at Alumar, underpinning its long-term viability.

Progress continues on the 250 000 tonnes per annum expansion of the Paranam alumina refinery in Suriname, which will increase capacity to 2.2 million tonnes (100 per cent basis) by mid 2005. Development capital projects were commenced at Worsley at a cost of US\$192 million (US\$165 million BHP Billiton share).

These are aimed at increasing capacity by 250 000 tonnes per annum (215 000 tonnes per annum BHP Billiton share) to 3.5 million tonnes per annum (3 million tonnes per annum BHP Billiton share) and are due for completion by mid 2006. Studies into the viability of further expansions at Worsley and expansion of Alumar from 1.3 million tonnes to 3.3 million tonnes (100 per cent basis) are also being undertaken.

Outlook

Our prime focus is the safe, productive and cost-effective operation of our assets. We aim to capitalise on the economic expansion potential within our asset portfolio and to continuously improve the physical and financial performance of all our operations.

In addition, we are continuing to review new opportunities in both smelting and refining.

Creating connections. Taking us places today are aeroplanes made with strong, lightweight materials supplied by our Aluminium CSG.

BASE METALS



- 1 Cannington (Australia)
- 2 Antamina (Peru)
- 3 Cerro Colorado (Chile)
- 4 Escondida (Chile)
- 5 Tintaya (Peru)



	US\$ million
Revenue	3 080
Profit before tax	614
Capital and investment expenditure	225
Net assets	2 466

Results

Base Metals contributed profit before tax of US\$614 million, compared with US\$245 million in 2003, an increase of US\$369 million.

Higher copper, silver, lead and zinc prices improved profit before tax as did production volumes. Escondida and Cannington achieved record concentrate production and Tintaya achieved record cathode production. This was partly offset by higher input costs, mainly due to the stronger Australian dollar and Chilean peso, as well as higher mining and maintenance costs.

During the year, the Group refined its plans in relation to certain closed operations. Further details are included in the Concise Financial Statements on page 70 of this Report.

HSEC

Our Classified Injury Frequency Rate fell 35 per cent, a positive development sadly overshadowed by three contractor fatalities. Contractor management represents a significant challenge to achieving Zero Harm. We are addressing this through initiatives such as Escondida's Supplier Development Program that helps contractors implement best practice HSEC management systems.

We began consolidating our HSEC functions and developing internal networks for safety, health and sustainable development. Our second annual survey of communities was again a valuable tool. Tintaya's signing of a Framework Development Agreement with its host province has raised social responsibility standards for Peruvian mining.

Markets and operations

Recovery in the US and Japanese economies and robust growth in China led to improved demand for our products, particularly copper. For the twelve months ended 30 June 2004, the average LME cash copper price was US\$1.06/lb compared to US\$0.72/lb for the same period a year earlier. Total refined copper exchange inventories fell nearly 780 000 tonnes (75 per cent). Exchange lead stocks decreased by nearly 130 000 tonnes (74 per cent).

The concentrates markets remained tight, with annual contract treatment and refining charges at low levels. With copper mine supply increasing, charges are likely to rise during fiscal 2005.

The improved copper market allowed Tintaya sulphide operations to resume in August 2003 and Escondida, from December 2003, to ramp up towards full capacity. Water issues identified at Escondida during the ramp-up are being resolved. Lake sediment



at Antamina has been removed, exposing higher-grade copper ore. In total, 954 000 tonnes of copper were produced at an average cash (C1) cost of approximately 45 US cents per pound. Cannington broke production records for silver (37 million ounces) and lead (250 000 tonnes).

Portfolio management saw the sale of our interest in the Highland Valley Copper (Canada) and Robinson (US) mines and end-of-life closure of the Selbaie mine (Canada).

The governments of Chile and Peru have proposed introducing royalties (up to 3 per cent of gross sales) on mining operations. Our foreign investment contracts provide for tax stability and non-discrimination and this underlies our discussions with authorities in these countries.

Development activities

The US\$400 million (US\$230 million BHP Billiton share) Escondida Norte project was approved and pre-mine stripping/construction commenced. The Norte Pit will provide 85 000 tonnes per day of ore to the two concentrators by September 2005.

The US\$870 million (US\$500 million BHP Billiton share) Escondida Sulphide Leach project was also approved. Run-of-mine heap leaching of low-grade material will produce 180 000 tonnes

(103 500 tonnes BHP Billiton share) of copper cathode per year from mid 2006. A review into the feasibility of the 200 000 tonnes per year Spence SX-EW copper project continues. The Alliance Copper joint venture with Chile's state-owned Codelco saw the US\$50 million prototype plant commissioned and operating (capacity 20 000 tonnes per year). The Escondida Coarse Particle Recovery project, with potential to recover 54 000 tonnes per year of additional copper, progressed through the pre-feasibility review.

Outlook

We will continue to focus on safety and efficiency while maximising production to meet demand. All sites will build on gains made towards achieving Zero Harm and reducing costs and increasing productivity. To be closer to core operations, our headquarters are in the process of relocating to Santiago, Chile.

Creating opportunities for learning. Components in many computers are made from commodities supplied by our Base Metals CSG.

CARBON STEEL MATERIALS



- 1 Samancor Manganese (South Africa)
- 2 Queensland Coal (Australia)
- 3 Boodarie Iron (Australia)
- 4 GEMCO (Australia)
- 5 Illawarra Coal (Australia)
- 6 WA Iron Ore (Australia)
- 7 TEMCO (Australia)
- 8 Samarco (Brazil)



	US\$ million
Revenue	4 647
Profit before tax	1 110
Capital and investment expenditure	662
Net assets	2 791

Results

Carbon Steel Materials contributed profit before tax of US\$1110 million, compared with US\$1018 million in 2003, an increase of US\$92 million or 9.0 per cent.

The results were enhanced by higher prices for all commodities and record production and shipments from the Western Australian iron ore, Queensland coal and Australian manganese ore operations. This was offset by the impact of the stronger Australian dollar and inflationary pressures on operating costs in Australia and South Africa.

HSEC

With great sadness we report that three fatalities occurred as a result of three unrelated accidents at the Western Australian iron ore operations. Efforts to achieve Zero Harm across the entire business have been intensified. Our thoughts remain with the families and friends of our employees who lost their lives or were injured in these accidents.

We implemented several sustainable development initiatives, including further development of community partnership programs in Australia and the Kotulung Community Centre in South Africa.

Markets and operations

Global steel production topped one billion tonnes for the first time, with China becoming the largest steel consumer, importer and producer. This growth had a significant flow-on effect on our operations.

For the fifth consecutive year, Western Australian iron ore production and shipments reached record levels. Iron ore prices reflected the strong market conditions, increasing by 19 per cent.

Market conditions also led to record production and sales of Queensland coal. However, lower production and sales were recorded at Illawarra Coal due in part to poor ground conditions. This was offset by the 28 per cent (average) price increase we secured across our suite of metallurgical coals.

A global shortage of manganese units, partly driven by Chinese demand, resulted in increased prices and underwrote strong production of manganese ores, including record production and shipments at the Australian operations. Increased prices and sales were also recorded for manganese alloys.



Production of 1.716 million tonnes of hot briquetted iron by Boodarie Iron was 3 per cent higher. However, following a fatal accident in May 2004, all production was suspended and will remain so until an investigation is completed and we are certain the plant is both safe and economically viable.

Development activities

The Area C and Port and Capacity Expansion iron ore projects in Western Australia were completed ahead of schedule and under budget.

Further expansions are currently underway to increase iron ore capacity to 110 million tonnes per year (100 per cent basis) by the end of 2004. In addition, a feasibility study has commenced into a longer-term capacity expansion to 145 million tonnes per year (100 per cent basis).

We announced our largest-ever commercial agreement with four of China's leading steel mills, with iron ore sales expected to total US\$9 billion over the next 25 years.

Development of the Dendrobium coal mine in New South Wales and the Broadmeadow coal mine in Queensland are on track, with longwall commencement expected for both in mid 2005.

We have also commenced work on a number of smaller brownfields projects at these operations to increase capacity in line with market demand, and have progressed work on the Maruwai coal discovery in Kalimantan, Indonesia.

Outlook

Continued strong market conditions for steelmaking raw materials will be driven primarily by further strong demand from China. Accordingly, the focus will be on maintaining our market position within growing markets and putting initiatives in place to sustain this position over the longer term.

Our prime objectives are continued improvement in safety performance, realising cost and production efficiencies globally and delivering all projects on time and within budget.

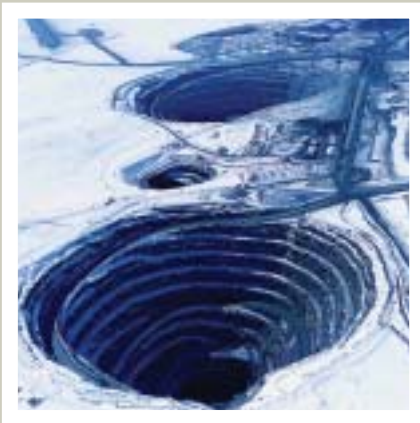
Creating landmarks. All types of contemporary structures are built with the steel made from iron ore supplied by our Carbon Steel Materials CSG.

DIAMONDS AND SPECIALTY PRODUCTS



- 1 Johannesburg (South Africa)
- 2 Richards Bay Minerals (South Africa)
- 3 Brisbane (Australia)
- 4 Melbourne (Australia)
- 5 Newcastle (Australia)
- 6 Antwerp (Belgium)
- 7 EKATI (Canada)
- 8 Integris Metals (US)
- 9 Vancouver (Canada)

1, 5: Technology Centres
 3, 4, 9: Minerals Exploration Offices
 6: Diamonds Marketing



	US\$ million
Revenue	720
Profit before tax	321
Capital and investment expenditure	188
Net assets	989

Results

Diamonds and Specialty Products contributed profit before tax of US\$321 million, compared with US\$185 million in 2003, an increase of US\$136 million or 73.5 per cent.

The increase was mainly attributable to higher volumes and prices from our diamonds and metals distribution businesses and a US\$37 million profit on the sale of a non-core royalty interest. Year on year, diamond sales volumes were up 8 per cent and the average per carat value sold was up 27 per cent, as a result of the processing of high-grade ore at our EKATI operation and a stronger market. Unit operating costs at the EKATI mine were also 3 per cent lower, driven by a successful business improvement program.

Lower volumes in our titanium business and the impact of a strong South African rand negatively impacted results from Richards Bay Minerals.

HSEC

Our Classified Injury Frequency Rate was down 25 per cent. We also recorded a 6 per cent reduction in energy use, primarily due to the Energy Smart program at EKATI Diamond Mine. Another highlight was ISO 14001 certification of our EKATI operation.

Our strong community performance continues to be acknowledged and our diamond business was recognised as one of Canada's top 100 employers for the third consecutive year.

Markets and operations

The rough diamond market was very strong, particularly over the last six months, and prices are currently at all-time highs. Across the industry, supply is limited and there are few new projects in the pipeline. We have continued to successfully promote the Canadian origin of our EKATI stones through our CanadaMark™ brand. Branded Canadian diamonds are in demand and attract premium prices. Diamond sales were 4.3 million carats, an increase of 8 per cent over last year.

Richards Bay Minerals' production of titanium dioxide in the form of chloride slag was down by 12.5 per cent and is still well below capacity. Markets are currently in oversupply and are expected to continue so for the medium term.

Integris Metals, our US metals distribution business, started the year slowly but activity increased substantially at the beginning of this calendar year. Total sales were 676 million pounds of primarily stainless steel and aluminium, an increase of 2.5 per cent.



Development activities

The US\$182 million (US\$146 million BHP Billiton share) Panda Underground project was approved to partially offset declining diamond quality at the EKATI mine. A feasibility study is also being undertaken for the Koala underground mine, which should be considered for approval in the last half of calendar year 2005.

Our Minerals Exploration Group continues to focus on discovering world-class diamond, copper, nickel, iron ore, bauxite and coal deposits of a meaningful scale. We seek to combine strong technical capability, proprietary technology and extensive partnering with junior exploration companies to reduce risk in early-stage exploration, while maximising exposure to world-class discoveries per dollar of expenditure.

Exploration continued to be encouraging at the Northern Whale project in Nunavut, Canada where we identified several diamond-bearing pipes and are proceeding with bulk sampling. Activity will be high during the Northern Hemisphere summer. Good drilling results were also obtained near the Candelaria mine in Chile. Our airborne gravity survey tool, FALCON™, continues to identify attractive targets in a number of areas of the world.

Our Technology group develops evolutionary and 'revolutionary' technology that will provide significant competitive advantage and growth options for our business units. The recently approved Ravensthorpe nickel project includes a substantial portion of our in-house atmospheric leach process in the design. We are also looking to apply our whole-of-ore chalcopyrite leach process to a commercial-scale copper project. The development of our proprietary process for the low-cost production of titanium metal continues to be on track.

Outlook

Our focus will be on advancing the underground projects at EKATI, expanding our diamond branding activities and continuing to reduce production costs.

Exploration's priority is to complete our large drilling and sampling programs for diamonds in the Canadian East Arctic, to progress promising base metals targets in Chile and Pakistan and to generate success with our various FALCON™ and other partner and sole funded programs.

Creating special moments. Valued jewellery items are made with the precious stones supplied by our Diamonds and Specialty Products CSG.

ENERGY COAL



- 1 Queensland Coal (Australia)
- 2 Illawarra Coal (Australia)
- 3 Ingwe (South Africa)
- 4 Hunter Valley Energy Coal (Australia)
- 5 PT Arutmin (Indonesia)
- 6 New Mexico Coal (US)
- 7 Cerrejon (Colombia)

1, 2 & 5: Marketing agents for energy coal output



	US\$ million
Revenue	2 351
Profit before tax	186
Capital and investment expenditure	141
Net assets	2 006

Results

Energy Coal contributed profit before tax of US\$186 million, compared with US\$162 million in 2003, an increase of US\$24 million or 14.8 per cent.

The increase was due to a significant improvement in export prices, which was partially offset by the impact of the stronger South African rand and Australian dollar, inflationary pressures on operating costs and a reduction in export volumes from South Africa.

HSEC

We continued to strengthen our overall HSEC activities with ongoing emphasis on achieving Zero Harm. The focus on safety saw improvements in key leading indicators and the Classified Injury Frequency Rate improved by 4.4 per cent.

Despite this, there were three fatalities at Ingwe’s Koorfontein Mine in South Africa. As a result of these tragedies, there has been a step change in contractor management performance and the introduction of Life Saving or Cardinal Rules throughout our operations.

There were overall improvements in health, environment and community programs and the focus on achieving Company

targets produced many benefits. Cerrejon in Colombia progressed a number of initiatives aimed at enhancing its relations with local communities.

We also continued to be active in sustainable development projects through participation in Clean Coal programs, such as Coal 21 with the Australian Coal Association.

Markets and operations

Strong demand, initially in the Atlantic market and subsequently in the Pacific market, resulted in a price rally after September 2003. Free On Board (FOB) prices for sales from South Africa averaged US\$31.96 per tonne, a 27 per cent increase, with significant price increases also achieved for sales from Australian and Colombian operations. The average realised price was impacted by fixed price legacy contracts agreed in the prior year, with the remaining legacy contracts predominantly being completed by December 2005. The market continued to demonstrate short-term price volatility.

Production was 83.9 million tonnes, an increase of 2.7 per cent. Production increases in Colombia and in the Hunter Valley, Australia, in line with expansion of these operations, were partially offset by lower production at New Mexico Coal’s Navajo mine in the US due to the customer’s planned shutdown of its



major generator for maintenance. In South Africa, reduced export production, predominantly from Koorfontein following safety improvement interventions, was offset by increased local utility production, particularly from Khutala.

Ingwe's business improvement project focused on both productivity improvement and cost reduction, thereby mitigating some of the adverse currency movements. Cerrejon continued to deliver significant cost and capital efficiency benefits from its business improvement project.

Development activities

We continued to concentrate on delivering all approved projects and investigating opportunities to reinforce our low-cost supply position and increase access to higher growth markets.

The expansion of the Cerrejon operation to 28 million tonnes per year is ahead of schedule and below budget. This is mainly due to the business improvement project, which enhanced operational efficiency and reduced expansion capital requirements.

The more substantial aspects of the Mount Arthur North project in the Hunter Valley were completed ahead of schedule and below budget. Remaining activity relates to expansion of production through the acquisition of mobile plant.

In South Africa, in a proposed joint venture with Anglo American, Ingwe will investigate an expansion incorporating the development of the Klipspruit project. Both Ingwe's Boschmanskrans and Kwagga projects were completed ahead of time and in line with budget.

Studies to provide incremental expansions of our operating mines are ongoing.

Outlook

We aim to develop our competitive position through cost management, innovative marketing practices and volume growth in line with market conditions, in order to enable improved margins in the face of continuing short-term currency and price volatility.

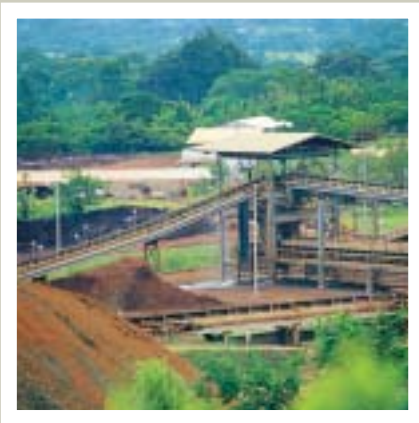
The key objectives are continued safety improvement, maintaining the momentum of business improvement initiatives targeting cost reduction and operational efficiencies, delivering our projects in line with expectations and progressing further development opportunities.

Creating spectacles. Stadiums are brought to life with electricity generated from thermal coal supplied by our Energy Coal CSG.

STAINLESS STEEL MATERIALS



- 1 Samancor Chrome (South Africa)
- 2 QNI Yabulu Refinery (Australia)
- 3 Ravensthorpe (Australia)
- 4 Cerro Matoso (Colombia)



	US\$ million
Revenue	1 782
Profit before tax	555
Capital and investment expenditure	151
Net assets	1 652

Results

Stainless Steel Materials contributed profit before tax of US\$555 million, compared with US\$145 million in 2003, an increase of US\$410 million.

Major contributing factors included higher realised prices for nickel (2004 – US\$5.49/lb; 2003 – US\$3.46/lb), and ferrochrome, higher production volumes and minor asset sales. These were partially offset by the impact of higher oil and coking coal prices, increased reductant costs and the stronger South African rand and Australian dollar.

HSEC

Tragically, six people died in separate accidents at our Samancor Chrome operations. That these fatalities occurred despite considerable efforts to implement a comprehensive safety improvement strategy was cause for the gravest concern. Management took the unprecedented step of closing all five Samancor Chrome sites for up to three weeks, with all employees and contractors completing intensive safety training. This was followed by a continuing aggressive safety program.

The dedication of all managers, supervisors, employees, contractors and unions to make and sustain a radical change is evidence of the importance they place on creating a safe workplace. Initial results from the program have been positive.

Environmental programs continued to focus on implementing water and energy management initiatives.

Markets and operations

With global stainless steel production growing 7 per cent, demand for primary nickel and ferrochrome continued to grow strongly, despite greater stainless steel scrap availability.

A tight demand–supply balance and the perception that this will continue in the medium term drove nickel prices to a 14-year high in December 2003. Primary nickel demand, led by strong growth in China and a tight global stock position, kept prices higher. Ferrochrome demand also increased but price rises were offset by a stronger South African rand, and increased reductant and freight costs.

Cerro Matoso’s ferronickel production of 49 100 tonnes was a new record, resulting from continued operational improvement



initiatives. QNI Yabulu Refinery also posted a new annual production record of 32 590 tonnes. The operation continued to build on operating efficiency gains, with higher nickel and cobalt recoveries, and also benefited from higher ore grades. Favourable nickel prices were coupled with strong cobalt prices. These were offset by higher oil prices and a stronger Australian dollar. Ore supply costs rose, as these are related to nickel and cobalt prices.

Safety remains the main focus of the restructuring program at Samancor Chrome. Efficiency improvement efforts, aimed at reducing costs and raising production, are now shifting from furnaces to mines.

Development activities

The US\$1.05 billion Ravensthorpe Nickel Project was approved for development. This project includes development of a 13 million tonnes per year mine and treatment plant near Ravensthorpe, Western Australia, to produce a mixed nickel-cobalt hydroxide product (MHP). The US\$350 million Yabulu Extension Project, also approved for development, will expand the metal refining section of the QNI Yabulu Refinery in Queensland to process up to 220 000 tonnes of MHP. It will boost nickel production by

44 800 tonnes per annum (140 per cent) and cobalt by 1400 tonnes per annum (70 per cent).

Outlook

Continued growth in underlying demand for stainless steel and delays in major new competitive nickel projects make for a positive outlook.

With primary nickel production globally running at full capacity and with stocks low, pressure on prices should be maintained. In addition to strong demand, the strength of the South African rand is expected to remain a key influence on ferrochrome prices.

Our focus remains on improving safety performance and enhancing our position as a supplier of quality raw materials to the expanding stainless steel industry, with continuously improving performance and margins.

Creating innovative environments. The gleaming cladding on escalators can be made from chrome supplied by our Stainless Steel Materials CSG.

'When we demonstrate the creation of value across all facets of our business and confidently provide a workplace that delivers Zero Harm, we will be truly successful'

Chip Goodyear, Chief Executive Officer

Right: BHP Billiton Iron Ore employees Ryan Cassidy (front) and Jesse Oxenham at Port Hedland, Western Australia. See case study 33 in our Full HSEC Report.

Creating value is a concept that is central to our Charter and therefore our business at BHP Billiton. Value in the purely financial sense is not our only measure of success. As our Charter states, we also have an 'overriding commitment to health, safety, environment responsibility and sustainable development'. Thus to be truly successful we need to deliver value across all our business facets.

Efforts made to pursue Zero Harm in our organisation have been extensive and in many instances successful; however, we are deeply saddened to report that 17 fatalities occurred at our controlled operations and activities. The impact of these incidents on our people, their families and friends is deep and profound, and we offer our sincere condolences to all impacted by these tragic events. We are determined to eliminate fatalities from all our operations, and we will not be satisfied until this is achieved. These incidents have increased our resolve and reinforced our dedication to the work and challenges before us.

The implementation of our Fatal Risk Control Protocols, introduced in April 2003, continued across the organisation. An additional Protocol is to be implemented early in the new financial year. This covers lifting activities with cranes and was developed following further analysis of the fatal risks. It is planned that full compliance with the requirements of the Protocols will be achieved throughout the Group by 30 June 2005. The implementation of the Protocols has resulted in some benefits already and there are documented instances of people surviving accidents due to the insistence on minimum standards for light vehicles. Another positive sign is that during the year our Classified Injury Frequency Rate reduced, resulting in an overall reduction to date of 26 per cent against the baseline.

To help us better understand and manage HSEC risks that are critical to our business, risk registers are in place and being maintained at all sites and at Customer Sector Group and Corporate levels of the Company, in line with our HSEC target. Work was also undertaken to better align HSEC risk assessment processes with our Enterprise-Wide Risk Management processes to improve the efficiency of assessments.

Employee health and associated occupational illness remain key focus areas. The control of employee exposures to and a reduction of occupational illnesses are the thrust of our Company health targets. Baseline health surveys were completed at 98 per cent of required sites, incorporating the establishment of occupational hygiene monitoring and health surveillance programs. While we have seen an increase in measured occupational exposure to noise during the year, this is largely an outcome of better systems being implemented for determining and monitoring employee exposures. It should be noted that the measure of occupational exposure does not take into account the wearing of personal protective equipment to mitigate against any potential exposures. We also introduced Company-wide exposure standards during the reporting period, many of which are more stringent than those required by local legislation. The targets will be revised during the coming year to further focus on reductions in employee exposure. Recognising the importance of the health of the communities in which we operate, we are also now supporting the Medicines for Malaria Venture, which has been established through the World Health Organisation with the aim of developing affordable anti-malarial drugs for people in the disease-endemic countries.

While environmental performance across the Company generally continued to be sound, regrettably two significant environmental incidents (i.e., incidents rated 3 or above on the BHP Billiton Consequence Severity Table) were reported. These related to acid water seepage that resulted in the release of poor-quality water outside the containment system at our now closed Selbaie base metals mine in Canada. An action plan has been put in place to fully contain subsequent seepage.

In line with our target, all required sites have retained ISO 14001 certification for environmental management systems. Energy conservation plans and greenhouse gas management programs are in place at all required sites. Water management plans and land management plans are in place at 98 per cent of required sites, and waste minimisation programs are in place at 97 per cent of required sites. Life cycle assessments have been completed for all our major minerals products.



Because we operate in a diverse range of countries and cultures around the world, working effectively with these different communities is a task that requires time, resources and expertise. We are increasingly aware that we must build our people's capability within the Company so that they have the skills to build strong relationships with the different community groups with which they interact. To this end, community relations plans are in place at 98 per cent of required sites. Our community contributions of 1.3 per cent of our pre-tax profit, based on a rolling three-year average, once again exceeded the target of 1 per cent. Many of these contributions support programs that focus on delivering sustained benefits in areas such as community welfare, education and health. No transgressions of the principles embodied within the United Nations Universal Declaration of Human Rights were identified within the Group during the year.

Some of our improvements in HSEC performance have been realised through the application of the Operating Excellence business improvement methodology. Many of these applications have not only demonstrated HSEC gains but have also delivered sustainable business outcomes. For example, our Yabulu nickel refinery in Australia has identified and prioritised projects that offer potential environmental and economic benefits. Under their Yabulu Optimisation Initiative, three projects, specifically aimed at energy and water re-use with the added benefit of increased cobalt recovery, have been commissioned.

During the year, we have been active in the International Council on Mining and Metals (ICMM) work program. The ICMM was established in 2001 as a global leadership body on sustainable development. The focus has been on establishing a minerals sector supplement to the Global Reporting Initiative's Sustainability Reporting Guidelines. The process has been one of multi-stakeholder engagement, with the sector supplement expected to be finalised in the coming year.

We have again included within our Full HSEC Report a progress assessment against the principles contained in the United Nations Global Compact. While fully recognising the right of our employees to freely associate and join trade unions, we have a number of locations where we have a mix of collective and individual arrangements. Prospective employees are made aware

of employment arrangements prior to joining the Company. At all times, our businesses comply with local employment law requirements and treat employees in accordance with the values expressed in our Charter.

Over the year, we received recognition for our performance in a number of areas. We received an award recognising Business Excellence for Innovation from the Global Business Coalition on HIV/AIDS, the pre-eminent organisation leading the business fight against the AIDS pandemic. Our work in Australia with indigenous, environmental, health and cultural organisations was recognised with a Special Award in the Australian Prime Minister's 2003 Awards for Excellence in Community Business Partnerships. At the Australasian Reporting Awards we received the Best Occupational Health and Safety Award, and the Association of Certified Chartered Accountants (Australia and New Zealand) awarded us for Best Environment Report. Other notable events included being judged Sector Leader in the UK Business in the Environment Index and maintaining our inclusion in the Dow Jones Sustainability Index and the FTSE4Good Index.

Our internal HSEC Awards program has again been highly successful in recognising outstanding HSEC performance and innovation. The program, which attracted an increased number of applications from across the Company, provides a strong indicator of the extent to which individuals within our operations are contributing to our sustainability aspirations.

The Full HSEC Report was prepared in accordance with the Global Reporting Initiative (GRI) 2002 Sustainability Reporting Guidelines. It should be recognised that, due to the size and complexity of our business, judgements have had to be made regarding the extent of the information that can be presented in relation to each GRI indicator.

One of our great strengths is our diversity and the commitment of our people to continuously look for ways to improve all aspects of our business. Looking ahead, we aim to continue improving our HSEC performance, working together for a sustainable future for the benefit of our shareholders and other stakeholders.

Our Full HSEC Report can be viewed at
<http://hsecreport.bhpbilliton.com/2004/index.asp>

BHP BILLITON LOCATIONS



Our diversification across countries, commodities and markets helps distinguish us from other resource companies. BHP Billiton has some 35 000 employees working in more than 100 operations in around 20 countries.

CORPORATE CENTRES ○

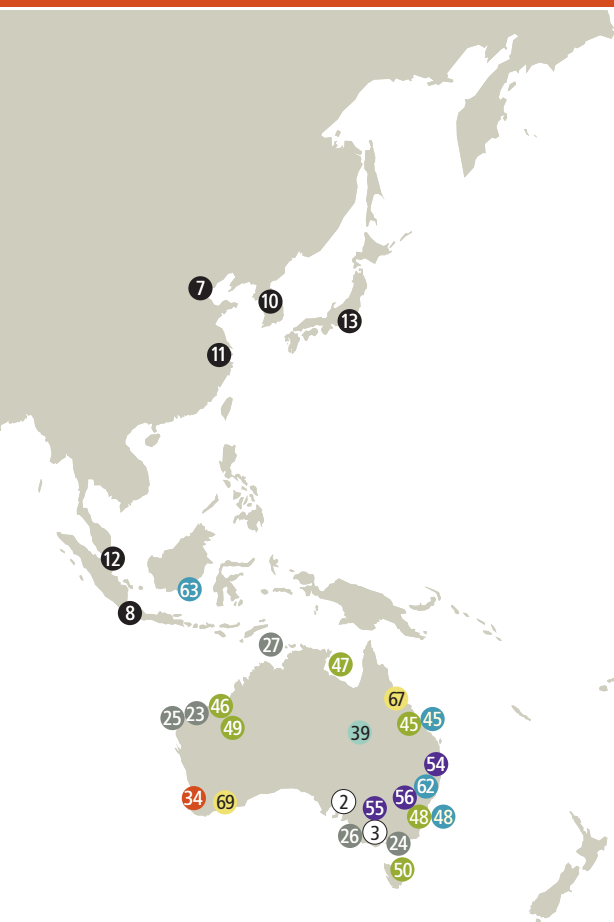
Ref	Continent	Location
1	Africa	Johannesburg
2	Australia	Adelaide
3	Australia	Melbourne (Global Headquarters)
4	Europe	London
5	North America	Houston
6	South America	Santiago

MARKETING OFFICES ●

Ref	Continent	Location
7	Asia	Beijing
8	Asia	Jakarta
9	Asia	New Delhi
10	Asia	Seoul
11	Asia	Shanghai
12	Asia	Singapore
13	Asia	Tokyo
14	Europe	Baar
15	Europe	Essen
16	Europe	The Hague
17	Europe	Moscow
18	North America	Pittsburgh
19	South America	Rio de Janeiro

PETROLEUM ●

Ref	Continent	Site/Asset	Description	Ownership
20	Africa	Ohanet, Algeria	Joint operator with Sonatrach of wet gas development	45%
21	Africa	ROD Integrated Development, Algeria	Onshore oil project	36.04%
22	Asia	Zamzama, Pakistan	Operator of onshore gas development	38.5%
23	Australia	North West Shelf, Australia	One of Australia's largest resource projects, producing liquids, LNG and domestic gas	8.33–16.67%
24	Australia	Bass Strait, Australia	The Bass Strait operations produce oil condensate, LPG, natural gas and ethane	50%
25	Australia	Griffin, Australia	Operator of oil and gas project offshore WA	45%
26	Australia	Minerva, Australia	Gas field under development in the Otway Basin	90%
27	Australia	Laminaria/Corallina, Australia	Oil production in the Timor Sea	25–32.6%
28	Europe	Liverpool Bay, UK	Operator of oil and gas development in the Irish Sea	46.1%
29	Europe	Bruce/Keith, UK	Oil and gas production in the UK North Sea	16–31.83%
30	North America	Gulf of Mexico, US	Interests in five producing assets, the Mad Dog and Atlantis developments, and exploration interests	4.95–100%
31	South America	Trinidad and Tobago	Operator of the Angostura oil field, under development	45%
–	Various	Exploration	Exploration interests in South Africa, Brunei, Brazil, Australia, US, Trinidad and the UK	–



ALUMINIUM ●

Ref	Continent	Site/Asset	Description	Ownership
32	Africa	Hillside/Bayside, South Africa	Two aluminium smelters	100%
33	Africa	Mozal, Mozambique	Aluminium smelter	47.1%
34	Australia	Worsley, Australia	Integrated alumina refinery/ bauxite mine	86%
35	South America	Alumar, Brazil	Alumina refinery and aluminium smelter	36–46.3%
36	South America	MRN, Brazil	Bauxite mine	14.8%
37	South America	Paranam, Suriname	Alumina refinery and bauxite mines	45%
38	South America	Valesul Alumínio, Brazil	Aluminium smelter	45.5%

BASE METALS ●

Ref	Continent	Site/Asset	Description	Ownership
39	Australia	Cannington, Australia	Silver, lead and zinc mine in north-west Queensland	100%
40	South America	Escondida, Chile	The world's largest copper mine, located in northern Chile	57.5%
41	South America	Antamina, Peru	Large copper-zinc mine	33.75%
42	South America	Cerro Colorado, Chile	Copper mine in northern Chile, producing cathode copper through a SX-EW leach operation	100%
43	South America	Tintaya, Peru	Produces copper concentrate and copper cathode within the 'Skarn Belt' of south-eastern Peru	99.95%

CARBON STEEL MATERIALS ●

Ref	Continent	Site/Asset	Description	Ownership
44	Africa	Samancor Manganese, South Africa	Integrated producer of manganese alloys and ferroalloys	60%
45	Australia	Queensland Coal, Australia	World's largest supplier of high-quality metallurgical coal for steel production	50–80%
46	Australia	Boodarie Iron, Australia	Hot briquetted iron plant	100%
47	Australia	GEMCO, Australia	Producer of manganese ore (part of Samancor)	60%
48	Australia	Illawarra Coal, Australia	Four underground coal mines	100%
49	Australia	WA Iron Ore, Australia	The Pilbara iron ore mines rank among the world's best long-life iron ore assets	85–100%
50	Australia	TEMCO, Australia	Producer of manganese alloys (part of Samancor)	60%
51	South America	Samarco, Brazil	An efficient low-cost producer of iron ore pellets	50%

DIAMONDS AND SPECIALTY PRODUCTS ●

Ref	Continent	Site/Asset	Description	Ownership
52	Africa	Johannesburg, South Africa	Technology Centre	100%
53	Africa	Richards Bay Minerals, South Africa	World's largest producer of titanium slag	50%
54	Australia	Brisbane, Australia	Mineral Exploration Office	–
55	Australia	Melbourne, Australia	Mineral Exploration Office	–
56	Australia	Newcastle, Australia	Technology Centre	100%
57	Europe	Antwerp, Belgium	Diamonds marketing	100%
58	North America	EKATI, Canada	Diamond mine in the Northwest Territories of Canada	80%
59	North America	Integrus Metals, US	Metals distribution	50%
60	North America	Vancouver, Canada	Mineral Exploration Office	–

ENERGY COAL ●

Ref	Continent	Site/Asset	Description	Ownership
45	Australia	Queensland Coal, Australia	Marketing agent for energy coal output	–
48	Australia	Illawarra Coal, Australia	Marketing agent for energy coal output	–
61	Africa	Ingwe, South Africa	Largest coal producer in South Africa	100%
62	Australia	Hunter Valley Energy Coal, Australia	New 12mtpa mine (Mt Arthur Coal) ramping up	100%
63	Asia	PT Arutmin, Indonesia	Exclusive agent for coal output	–
64	North America	New Mexico Coal, US	Mine-mouth operations	100%
65	South America	Cerrejon, Colombia	Largest coal producer in Colombia	33.3%

STAINLESS STEEL MATERIALS ●

Ref	Continent	Site/Asset	Description	Ownership
66	Africa	Samancor Chrome, South Africa	Integrated producer of chrome ores and ferrochrome comprising mines and chrome alloy plants in South Africa	60%
67	Australia	QNI Yabulu Refinery, Australia	The Yabulu refinery is one of the world's major laterite nickel-cobalt processing plants	100%
68	South America	Cerro Matoso, Colombia	Integrated ferronickel mining and smelting complex in north Colombia	99.8%
69	Australia	Ravensthorpe, Australia	Nickel mine and processing facility currently in development	100%

BOARD OF DIRECTORS



Don Argus

Charles Goodyear



David Brink

John Buchanan

Michael Chaney

David Crawford

Don Argus

AO, FAIB, FCPA, FAICD, 66

Don Argus brings to the Chairmanship of BHP Billiton considerable experience in international business and a strong management background.

Appointed a Director of BHP Limited in November 1996 and Chairman in April 1999. Chairman of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the Nomination Committee. Former Managing Director and Chief Executive Officer of the National Australia Bank Limited. He is Chairman of the Brambles Group and a Director of the Australian Foundation Investment Company Limited. He is also a member of the International Advisory Council of Allianz Aktiengesellschaft.

Charles Goodyear

BSc, MBA, FCPA, 46

Charles Goodyear joined the Group as Chief Financial Officer in 1999. He was appointed to the Boards of BHP Billiton Limited and BHP Billiton Plc in November 2001 and as Chief Executive Officer in January 2003. A member of the Health, Safety and Environment Committee. He previously held positions of Chief Development Officer and of Chief Financial Officer. He is a former President of Goodyear Capital Corporation and former Executive Vice President and Chief Financial Officer of Freeport-McMoRan Inc, and has extensive financial, corporate restructuring, and merger and acquisition experience.

David Brink

MSc Engineering (Mining), DCom (hc), 65

Dave Brink brings considerable mining and finance experience to the Group. He has over 20 years experience in the mining industry, in particular, shaft sinking, tunnelling and exploration contracting, followed by 12 years as the Chief Executive Officer of a major listed construction, engineering and manufacturing conglomerate.

A Director of Billiton Plc since June 1997 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the Health, Safety and Environment Committee and a member of the Risk Management and Audit Committee. He is Chairman of Unitrans Limited and Deputy Chairman of ABSA Bank Limited and ABSA Group Limited. He is also a Director of Sanlam Limited and Sappi Limited and Vice President of the South African Institute of Directors. During 2001, he completed a Post Graduate Diploma in Company Direction.

John Buchanan

BSc, MSc (Hons 1), PhD, 61

John Buchanan has had a wide international business career gained in large and complex international businesses. He brings to the Board experience in the petroleum industry and knowledge of the UK and international investor community. He has held various leadership roles in strategic, financial, operational and marketing positions, including executive experience in different countries.

A Director of BHP Billiton Limited and BHP Billiton Plc since February 2003. Chairman of the Remuneration Committee and a member of the Nomination Committee. The Senior Independent Director of BHP Billiton Plc. A Director of AstraZeneca Plc and Vodafone Group Plc. He is a former Executive Director and Group Chief Financial Officer of BP, treasurer and chief executive of BP Finance, and Chief Operating Officer of BP Chemicals.

Michael Chaney

AO, BSc, MBA, FAIM, FAICD, 54

Michael Chaney brings commercial expertise to the Board, developed over many years as the Chief Executive Officer and Managing Director of Wesfarmers Limited.

A Director of BHP Limited since May 1995 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. He is a Director of Gresham Partners Group Limited, Vice President of the Business Council of Australia, a Director of the Centre for Independent Studies Limited, Chairman of the Australian Research Alliance for Children and Youth Limited and a member of the JP Morgan International Council and of the Council of the National Gallery of Australia.

David Crawford

B Comm, LLB, FCA, FCPA, FAICD, 60

David Crawford has extensive experience in risk management and business reorganisation, having acted either as a consultant, scheme manager, receiver and manager or liquidator to very large and complex groups of companies.

A Director of BHP Limited since May 1994 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. Chairman of the Risk Management and Audit Committee. Chairman of Lend Lease Corporation Limited and a Director of Foster's Group Limited, National Foods Limited and Westpac Banking Corporation. He is former Australian National Chairman of KPMG, Chartered Accountants.



David Jenkins

Lord Renwick of Clifton



Miklos Salamon

John Schubert

Karen Wood, Company Secretary

David Jenkins

BA, PhD (Geology), 65

David Jenkins' executive career at British Petroleum makes him a recognised authority on oil and gas technology.

A Director of BHP Limited since March 2000 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Remuneration Committee and the Risk Management and Audit Committee. A Director of Chartwood Resources Ltd, a private company providing consultancy services and business and technology advice to the oil industry. Former Chief Geologist, Director Technology and Chief Technology Advisor to BP Plc. During 2003 he was a member of the Technology Advisory Committee of the Halliburton Company and the Advisory Council of Consort Resources. He also chaired the Energy Advisory Panel of Science Applications International Corporation.

Lord Renwick of Clifton

KCMG, MA, 66

Lord Renwick has wide international and financial expertise. He served as British Ambassador to South Africa from 1987 to 1991 and as British Ambassador to the US from 1991 to 1995. He is currently Vice Chairman of Investment Banking at JP Morgan.

A Director of Billiton Plc since June 1997 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Nomination Committee and Remuneration Committee. He is Chairman of Fluor Limited, Director of British Airways Plc, Compagnie Financière Richemont AG, Fluor Corporation, SABMiller Plc, Fleming Family & Partners Limited and Harmony Gold Mining Company Limited.

Miklos (Mike) Salamon

BSc Mining Engineering, MBA, 49

Appointed an executive Director in February 2003 and Group President Non-Ferrous Materials (consisting of Aluminium, Base Metals and Stainless Steel Materials) in March 2004. A member of the Health, Safety and Environment Committee. He is Chairman of Samancor and a Director of Richards Bay Minerals, Cerro Matoso and Escondida. From July 1997 to June 2001 he was an executive Director of Billiton Plc with responsibilities for nickel, chrome, manganese, stainless steel and titanium. Former Executive Chairman of Samancor, Managing Director of Trans-Natal Coal Corporation and Chairman of Columbus.

John Schubert

BC Eng, PhD (Chem Eng), FIEAust, FTSE, 61

John Schubert has considerable experience in the international oil industry including at CEO level. He has had executive mining and financial responsibilities and was Chief Executive Officer of Pioneer International Limited for six years where he operated in the building materials industry in 16 countries. He has experience in mergers, acquisitions and divestments, project analysis and management.

A Director of BHP Limited since June 2000 and a Director of BHP Billiton Limited and BHP Billiton Plc since June 2001. A member of the Nomination Committee and the Remuneration Committee. Deputy Chairman of the Commonwealth Bank of Australia, a Director of Qantas Airways Limited and Deputy Chairman of the Great Barrier Reef Research Foundation. He is also non-executive Chairman of G2 Therapies Limited and of Worley Group Limited. Member and past President of the Business Council of Australia. Former Managing Director and Chief Executive Officer of Pioneer International Limited and former Chairman and Managing Director of Esso Australia Limited.

Company Secretary

Karen Wood

BEEd, LLB (Hons), FCIS, 48

Karen Wood was appointed Company Secretary of BHP Billiton Limited and BHP Billiton Plc in June 2001. She is a member of the Takeovers Panel (Australia), the Business Regulatory Advisory Group (Australia) and the JD (Juris Doctor) Advisory Board of the University of Melbourne. She is a Fellow of the Institute of Chartered Secretaries and a member of the Law Council of Australia and the Law Institute of Victoria. She chairs the Disclosure Committee of BHP Billiton. Before joining BHP Billiton, she was General Counsel and Company Secretary of Bonlac Foods Limited.

EXECUTIVE COMMITTEE



Charles Goodyear

Miklos Salamon



Philip Aiken

John Fast

Charles Goodyear

BSc, MBA, FCPA, 46

Chief Executive Officer and Executive Director

Chairman of the Office of the Chief Executive and Executive Committee, and a member of the Health, Safety and Environment Committee of the Board, Strategy Committee, and Financial Risk Management Committee. Charles Goodyear joined the Group as Chief Financial Officer in 1999. He was appointed to the Boards of BHP Billiton Limited and BHP Billiton Plc in November 2001 and as Chief Executive Officer in January 2003. He previously held positions of Chief Development Officer and of Chief Financial Officer. He is a former President of Goodyear Capital Corporation and former Executive Vice President and Chief Financial Officer of Freeport-McMoRan Inc, and has extensive financial, corporate restructuring and merger and acquisition experience.

Miklos (Mike) Salamon

BSc Mining Engineering, MBA, 49

Group President Non-Ferrous Materials and Executive Director

Member of the Health, Safety and Environment Committee of the Board, the Office of the Chief Executive and Executive Committee, and Chairman of the Operating Committee.

Appointed an executive Director in February 2003 and Group President Non-Ferrous Materials (consisting of Aluminium, Base Metals and Stainless Steel Materials) in March 2004. He is Chairman of Samancor and a Director of Richards Bay Minerals, Cerro Matoso and Escondida. From July 1997 to June 2001 he was an executive Director of Billiton Plc with responsibilities for nickel, chrome, manganese, stainless steel and titanium. Former Executive Chairman of Samancor, Managing Director of Trans-Natal Coal Corporation and Chairman of Columbus.

Philip Aiken

BE (Chemical Engineering), Harvard Business School – Advanced Management Program, 55

Group President Energy

Member of the Office of the Chief Executive and Executive Committee.

Joined the Group in 1997 as President and Chief Executive Officer Petroleum and appointed Group President Energy (consisting of Energy Coal and Petroleum) in March 2004. He is a former Director of BTR Plc and former Managing Director of BTR Nylex, following a long career at BOC Plc where his last role was Managing Director Gases Europe. He is a Director of Robert Walters Plc and Chairman of the Sydney 2004 World Energy Congress Organising Committee.

John Fast

BEC (Hons), LLB (Hons), ASIA, 54

Chief Legal Counsel and Head of External Affairs

Member of the Office of the Chief Executive, Executive Committee, Investment Risk Committee, Disclosure Committee and Chairman of the Global Ethics Panel.

Joined the Group as Vice President and Chief Legal Counsel in December 1999, and was appointed Head of Asset Protection in July 2001 and Head of External Affairs (Government and Community Relations) in January 2003. He is a Director of the Medical Research Foundation for Women and Babies (Australia), a member of the Strategic Advisory Board to The University of Melbourne Law School's Graduate Program, an Associate of the Securities Institute of Australia, a member of the Markets Policy Group of that Institute, and a member of the Law Institute of Victoria. Before joining BHP Billiton, he was the Senior Commercial Partner at the law firm Arnold Bloch Leibler.



Ian Fraser

Diego Hernandez



Graeme Hunt

Robert Kirkby

Ian Fraser

MA (Hons), MBA, C.Psychol, 43
Group Vice President Human Resources

Member of the Office of the Chief Executive, Executive Committee and Operating Committee.

Appointed Group Vice President Human Resources in June 2001. Previously Group HR Director of Billiton Plc, Group HR Director of Charter Plc, Personnel Controller of Woolworths Plc, and Head of Organisation Diagnostics at Hay Management Consultants. Prior to this, he held a number of management roles in marketing and consulting organisations.

Diego Hernandez

Civil Mining Engineer, Ecole Nationale Supérieure des Mines de Paris, 55
President Base Metals

Member of the Executive Committee and Operating Committee.

Joined the Group as President Base Metals in April 2004. He was previously Executive Director, CVRD Non Ferrous Division and has extensive experience in the resources sector in South America. His previous positions include President and Chief Executive Officer Compañía Minera Collahuasi, Chief Executive Officer Minera Mantos Blancos, Chief Executive Officer Compañía Minera Tres Cruces, Technical Director Rio Tinto Brazil, Assistant General Manager Empresa Minera Mantos Blancos and General Manager Companhia de Estanho Minas Brazil.

Graeme Hunt

B Met, MBA, FAusIMM, London Business School – Senior Executive Programme, 47
President Iron Ore

Member of the Executive Committee and Operating Committee.

Joined the Group in 1975 and appointed President Iron Ore in January 2004. He was previously President Western Australia Iron Ore, Vice President Portfolio Restructuring Strategy – BHP Corporate, Group General Manager – BHP Manganese, General Manager Port Kembla Coal Terminal Ltd, NSW Ports Manager – BHP Transport Ltd and has held various other positions in BHP Steel. He is President of the Australian Mines & Metals Association; Vice President of the Chamber of Minerals & Energy of Western Australia.

Robert Kirkby

BE Civil (Hons), Harvard Business School – Advanced Management Program, 57
Group President Carbon Steel Materials

Member of the Office of the Chief Executive, Executive Committee and Operating Committee.

Joined the Group in 1978 and appointed Group President Carbon Steel Materials in March 2004. He was previously President Carbon Steel Materials, Chief Operating Officer BHP Minerals, President BHP Steelmaking and Energy, Group General Manager and Chief Executive Officer BHP Coal, Group General Manager and Chief Operating Officer of various divisions in BHP Steel, and General Manager Newman-BHP Minerals.

EXECUTIVE COMMITTEE CONTINUED



Marius Kloppers

Chris Lynch



Rebecca McDonald

Chris Pointon

Marius Kloppers

BE (Chem), MBA, PhD (Materials Science), 42
Chief Commercial Officer

Member of the Office of the Chief Executive, Executive Committee, Operating Committee, Financial Risk Management Committee and Investment Risk Committee and Chairman of Strategy Committee.

Joined the Group in 1993 and appointed Chief Commercial Officer in December 2003. He was previously Chief Marketing Officer, Group Executive of Billiton Plc, Chief Executive of Samancor Manganese, and held various positions at Billiton Aluminium, amongst them Chief Operating Officer and General Manager of Hillside Aluminium. His previous career was as a consultant with McKinsey Inc.

Chris Lynch

BComm, MBA, FCPA, 50
Chief Financial Officer

Member of the Office of the Chief Executive, Executive Committee, Operating Committee, Disclosure Committee and Chairman of the Investment Risk Committee and Financial Risk Management Committee.

Joined the Group in 2000 as Chief Financial Officer of the Minerals Group and appointed Chief Financial Officer in September 2001. He was Vice President and Chief Information Officer for Alcoa Inc based in Pittsburgh, US, and Chief Financial Officer, Alcoa Europe located in Lausanne, Switzerland. He was also Managing Director KAAL Australia Ltd, a joint venture company formed by Alcoa Inc and Kobe Steel, Manager Financial Risk and Treasury Operations for Alcoa Inc in Pittsburgh, US, and Corporate Accounting Manager at Alcoa of Australia Ltd.

Rebecca McDonald

BSc, 52
President Gas and Power

Member of the Executive Committee.

Joined the Group as President Gas and Power in March 2004. She was previously President of the Houston Museum of Natural Science, Chairman and Chief Executive Officer of Enron Global Assets after a long career at Amoco, where her last role was President and Chief Executive Officer of Amoco Energy Development Company. She is an independent director of Granite Construction and Eagle Global Logistics and a member of the Advisory Board of JP Morgan Chase.

Chris Pointon

BSc (Chemistry & Earth Sciences), PhD (Geology), 56
President Stainless Steel Materials

Member of the Executive Committee and Operating Committee.

Appointed President Stainless Steel Materials in June 2001. He was previously Chief Executive Officer, Nickel and Chrome for Billiton Plc and Managing Director of QNI Ltd. He has over 20 years of global experience as a mining executive and has led the Group's nickel business since its formation in 1996.



Marcus Randolph

Greg Robinson



Mahomed Seedat

Alex Vanselow

Marcus Randolph

BSc (Colorado School of Mines), MBA Harvard Business School, 48
President Diamonds and Specialty Products

Member of the Executive Committee and Operating Committee.

Joined the Group in 1999 as Chief Strategic Officer and Chief Development Officer and appointed President, Diamonds and Specialty Products in August 2002 with responsibility for the diamonds and titanium businesses, North American metals distribution, and technology and minerals exploration across the Group. His earlier career was as Chief Executive Officer of a Singapore-based gold and petroleum company. He also held senior positions with Rio Tinto and Asarco.

Greg Robinson

BSc (Hons), MBA, 42

Chief Finance Officer and Chief Development Officer Energy

Member of the Executive Committee and Strategy Committee.

Joined the Group in February 2001 as Chief Financial Officer Petroleum and appointed Chief Finance Officer and Chief Development Officer Energy in March 2004. He was formerly Director Investment Banking Group, Merrill Lynch & Co, and Resources Research Analyst, McCaughan Dyson Limited.

Mahomed Seedat

BSc (Electrical), 48

President and Chief Operating Officer Ingwe Collieries

Member of the Executive Committee and Operating Committee.

Appointed President and Chief Operating Officer Ingwe Collieries in May 2004. He was previously President and Chief Operating Officer Aluminium Southern Africa with responsibility for the operations at the Hillside and Bayside Aluminium Smelters in Richards Bay, South Africa and the Mozal Aluminium Smelter in Maputo, Mozambique. His former roles in the Aluminium Customer Sector Group include Engineering Manager, Maintenance Manager and General Manager of the Hillside Aluminium Smelter in Richards Bay. His previous career was in the coal industry with Amcoal, where he held various positions at its collieries.

Alex Vanselow

BComm, AMP, 42

President Aluminium

Member of the Executive Committee and Operating Committee.

Joined the Group in 1989 and appointed President Aluminium in March 2004. He was previously Vice President and Chief Financial Officer for Aluminium, Vice President Finance and Chief Financial Officer for Orinoco Iron, Manager Accounting and Control and Manager Finance and Administration Rails and Ports for BHP Iron Ore and Senior Auditor BHP Minerals. He is Chairman of Mozal and Worsley and Vice Chairman of the International Aluminium Institute.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance at a Glance

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1. Governance at BHP Billiton

At BHP Billiton we believe that to maintain our position as one of the world's leading companies we must commit to the highest level of governance. To us that means fostering a culture that values and rewards the highest ethical standards, personal and corporate integrity, and respect for others. Our approach to governance is predicated on the belief that there is a demonstrable link between high-quality governance and equity performance.

This Corporate Governance Statement outlines the key principles and practices of the BHP Billiton Group which, taken as a whole, is our system of governance.

In reviewing this Statement, shareholders are reminded that BHP Billiton operates under a dual listed companies structure with primary listings in Australia and the UK. BHP Billiton Limited and BHP Billiton Plc, the parent entities of BHP Billiton, are registrants of the Securities and Exchange Commission in the US. In formulating our governance framework, the regulatory requirements in Australia, the UK and the US have been taken into account, together with standards of best practice. Where governance principles vary across these jurisdictions, as they inevitably do, the Directors have resolved to adopt those principles that they consider to be the better of the prevailing standards.

BHP Billiton Limited and BHP Billiton Plc have identical Boards of Directors. (The Boards are hereafter referred to collectively as the Board.)

2. Shareholders

The shareholders are the owners of BHP Billiton and in that capacity elect the members of the Board. In addition to the election of Directors, shareholders retain the right to vote on other important matters including changes to the Group's constitutional documents, the receipt of annual financial statements and the award of Shares as part of incentive arrangements for executive Directors.

To vote in an informed manner the Board recognises that shareholders must receive high-quality, relevant and useful information in a timely manner. To safeguard the effective dissemination of information BHP Billiton has developed a Market Disclosure and Communications Policy, a copy of which is available on the Group's website at www.bhpbilliton.com/bb/aboutUs/governance.jsp. The Policy outlines BHP Billiton's processes for identifying information for disclosure and aims to ensure that timely and accurate information is provided equally to all shareholders and market participants. It also reinforces BHP Billiton's commitment to the continuous disclosure obligations imposed by law, and describes the processes implemented to ensure compliance.

Copies of announcements to the stock exchanges on which BHP Billiton is listed, investor briefings, half-yearly financial statements, the Annual Report and other relevant information is posted to the Group's website at www.bhpbilliton.com. Any person wishing to receive advice by email of Group news releases

can subscribe at www.bhpbilliton.com. Shareholders are encouraged to make their views known to the Group and to directly raise any matters of concern. The Chairman keeps the Board advised of the views and concerns that have been raised. From time to time the Group will enter into dialogue with shareholders to share views on matters of interest.

Shareholders are encouraged to attend annual general meetings and to use this opportunity to ask questions. To make better use of the limited time available, shareholders are invited to register questions and raise issues of concern prior to the meeting. This can be done either by completing the relevant form accompanying the notice convening the meeting or by emailing the Group at: investor.relations@bhpbilliton.com. Questions that have been lodged, and their answers, are posted to the website. Shareholders may lodge their votes on items of business at general meetings electronically. The notice of meeting describes how this can be done. Copies of the speeches delivered by the Chairman and Chief Executive Officer to the annual general meeting, a summary of the proceedings of the meeting and the outcome of voting on the items of business, are posted to the website following the meeting. The external auditor attends the annual general meeting and is available to answer questions.

3. Board of Directors – role and responsibilities

The role of the Board is to represent the shareholders and to promote and protect the interests of the company. It does so by governing the Group. In 2004 the Board adopted the Board Governance Document which outlines the processes the Board has adopted for its own tasks and activities. The Document also sets out the matters the Board has specifically reserved for its own decision-making, the authority of the Chief Executive Officer, the accountability of the Chief Executive Officer, and guidance on the management of the relationship between the Board and the Chief Executive Officer. A copy of the Board Governance Document can be found on the BHP Billiton website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

Directors in office at the date of this Report

Director	Appointed	Independent	Last elected	Retiring and seeking re-election in 2004
Don Argus (Chairman)	1996	Yes	2001	Yes
David Brink	1997	Yes	2003	No
John Buchanan	2003	Yes	2003	No
Michael Chaney	1995	Yes	2003	No
David Crawford	1994	Yes	2001	Yes
Charles Goodyear (Chief Executive Officer)	2001	No	2002	Yes
David Jenkins	2000	Yes	2002	No
Lord Renwick of Clifton	1997	Yes	2003	No
Miklos (Mike) Salamon (Group President Non-Ferrous Materials)	2003	No	2003	No
John Schubert	2000	Yes	2002	Yes

In performing its role, the Board is guided by the Group's corporate objective, which is the creation of long-term value for shareholders through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.

The Board has specifically reserved the following matters for its decision: appointments to the position of Chief Executive Officer and approval of appointments of executives reporting to the Chief Executive Officer; approval of strategy and annual budgets; determination of capital and non-capital items in accordance with the approvals framework; and formal determinations that are required by the Group's constitutional documents, by statute or by other external regulation. All remaining authority is delegated to the Chief Executive Officer on behalf of executive management. This delegation is supported by appropriate controls, which are documented in the Board Governance Document. Subject to the limitations imposed by the constitutional documents, statute and other regulations, the Board remains free to alter the matters reserved for its decision.

Directors commit to the collective decision-making processes of the Board. Individual Directors are required to debate issues openly and constructively and be free to question or challenge the opinions of others.

4. Board of Directors – composition, structure and process

The following section outlines how the Board has structured itself in order to best fulfil its role.

4.1 Membership

The names of the Directors in office at the date of this Report, the year of their appointment, their independence (or otherwise), and whether they retire at the 2004 annual general meeting are set out in the table below. Biographical details for each of the Directors are set out on pages 28 and 29 of this Report. The criteria used by the Board to assess the independence of Directors are set out in section 4.3 below.

4.2 Skills, knowledge, experience and attributes of Directors

The Board considers that, between them, the non-executive Directors bring the range of skills, knowledge and experience necessary to govern the Group, including international and operational experience; understanding the economics of the sectors in which the Group operates; knowledge of world capital markets; and an understanding of the health, safety, environmental and community challenges that the Group faces. Executive Directors bring additional perspectives to the Board's work through a deep understanding of the Group's business.

Directors must also demonstrate unquestioned honesty and integrity; a preparedness to question, challenge and critique; and a willingness to understand and commit to the highest standards of governance. Each Director is required to ensure that no decision or action is taken that has the effect of placing his or her interests in priority to the interests of the company.

4.3 Independence

The Board is committed to always having a majority of Directors who are judged by the Board to be independent of judgment and character and free of material relationships with the Group and other entities and people that might influence, or could be perceived by shareholders to influence, such judgment. In making recommendations to shareholders about candidates for election to the Board, the Board will aim to have the balance of non-executive and executive Directors that is effective for the promotion of shareholder interests and the governance of the Group.

The corporate governance principles in the jurisdictions in which BHP Billiton operates contain different tests of independence. The test adopted by BHP Billiton is whether a Director is independent of management and any business or other relationship that could materially interfere with the exercise of objective, unfettered or independent judgment by the Director or the Director's ability to act in the best interests of the Group. To assist in the Board's deliberations, BHP Billiton has adopted a Policy on Directors' Independence. The Policy contains the materiality thresholds applied by the Group and a copy of the Policy can be found on the website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

The Policy specifies the test and the criteria that will be used by the Board to assess the independence of each Director. It identifies the information that will be collected from each Director to make that assessment, and outlines the required disclosure to shareholders of the assessment. In conducting its assessment the Board took into account a number of factors that might, on their face, affect or appear to affect the independence of some of the Directors. In each case the Board made the decision that the independence of the relevant non-executive Director was not compromised. A summary of the factors considered is set out below. All of the non-executive Directors are considered by the Board to be independent.

Tenure

The Board does not believe that any Director has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group. In reaching this conclusion, the Board specifically noted that in September 2004 Mr David Crawford and Mr Michael Chaney will have served on the Board for ten years and nine years respectively. The Board concluded that, notwithstanding that period of service, both Directors retain independence of character and judgment. The Board considered that both make outstanding contributions to the work of the Board. Both bring their own unique skills to the Board and participate in robust constructive debate. Neither have formed associations with management (or others) that might be said to compromise their ability to effectively monitor the performance of the Group.

Retirement Plan

The former Directors of BHP Limited (Mr Don Argus, Mr Michael Chaney, Mr David Crawford, Dr David Jenkins and Dr John Schubert) participated in a retirement plan approved by shareholders in 1989 under which they were entitled to receive a payment on retirement calculated by reference to years of service. The plan was closed on 24 October 2003 and benefits accrued to that date are held by the Company and will be paid on retirement. The Board approved the application of an earnings rate to those benefits fixed at the five-year Australian Government Bond Rate.

Relationships and Associations

Mr David Crawford was previously the National Chairman of KPMG in Australia. He retired in June 2001 and has no ongoing relationship with KPMG. KPMG Audit Plc was the joint auditor (with PricewaterhouseCoopers) of Billiton Plc prior to the merger with BHP Limited and of BHP Billiton Plc for the 2002 and 2003 financial years. KPMG and PricewaterhouseCoopers were also the joint auditors of BHP Billiton for the 2003 financial year and KPMG is the sole auditor of BHP Billiton for the 2004 financial year. The Board has considered this matter annually since the time of the merger, and again revisited it prior to the publication of this Statement and does not consider Mr Crawford's independence to be compromised. The Board considers Mr Crawford's financial acumen to be important to the discharge of the Board's responsibilities and accordingly that his membership of the Board and Chairmanship of the Risk Management and Audit Committee are not only appropriate but highly desirable.

Some of the Directors of BHP Billiton hold positions in companies with which BHP Billiton has commercial relationships. Those positions are set out on pages 28 and 29 of this Report. The only company where the relationship with BHP Billiton is regarded as material under the terms of the Policy is Worley Group Limited of which Dr John Schubert is non-executive Chairman. During the year the Worley Group provided maintenance and engineering services to BHP Billiton. All transactions with Worley Group were entered into in the usual course of BHP Billiton's business and were within the scope of management authority under the terms of the Approvals Framework. Accordingly, the Board was not

required to consider, and approve, these transactions. Were Board approvals ever required in relation to relationships between BHP Billiton and the Worley Group, or any other company with whom a Director has an association, then BHP Billiton's protocols would apply and the Director concerned would excuse him or herself from participating in a decision.

The only transactions in 2004 which amounted to related-party transactions with Director-related entities under Australian and UK generally accepted accounting principles, are the transactions between BHP Billiton and the Wesfarmers Group of which Mr Michael Chaney is Managing Director. Details are set out in note 7 to the Concise Financial Report.

The Board has assessed all of the relationships between BHP Billiton and the Directors and in all cases (including those of Dr Schubert and Mr Chaney) concluded that the relationships do not interfere with the Director's exercise of objective, unfettered or independent judgment or the Director's ability to act in the best interests of the BHP Billiton Group.

Executive Directors

The two executive Directors, Mr Charles Goodyear and Mr Miklos (Mike) Salamon are not considered independent because of their executive responsibilities. Neither of the executive Directors holds directorships in any other company included in the ASX 100 or FTSE 100.

4.4 Terms of appointment

The Board has settled a form of letter of appointment to be provided to candidates for appointment as non-executive Directors. The standard terms of the letter are available from the website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

The Group has in place a policy which insures Directors against certain liabilities (including legal costs) they may incur in carrying out their duties on behalf of the Group. Details of insurance arrangements are set out on page 65 of this Report.

4.5 Induction and training

New Directors are provided with an induction program specifically tailored to the needs of individual appointees. That program includes meetings with major shareholders, one-on-one meetings with members of management and visits to key assets. Directors agree to participate in continuous improvement programs from time to time, as considered appropriate.

4.6 Independent advice

The Board and its Committees may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairman, individual Directors may seek independent professional advice, at the expense of the Group, on any matter connected with the discharge of their responsibilities. No Director availed himself of this right during the course of the year.

4.7 Remuneration

Details of the remuneration policies and practices of the Group and the remuneration paid to the Directors (executive and non-executive) are set out in the Remuneration Report on pages 45 to 62. Shareholders will be invited to consider and to approve the Remuneration Report at the annual general meetings in 2004.

4.8 Share ownership and dealing

Non-executive Directors have agreed to apply at least 25 per cent of their remuneration to the purchase of BHP Billiton Shares (in either BHP Billiton Limited or BHP Billiton Plc) until they achieve a shareholding equivalent in value to one-year's remuneration and, thereafter, to maintain at least that level of shareholding throughout their tenure.

Details of the Shares held by Directors are set out on page 68 of this Report. As at the date of this Report all of the Directors had met this requirement.

BHP Billiton has a policy that covers dealings in securities that applies to Directors and senior managers. Under the policy, Directors are required to obtain the consent of the Chairman before dealing in Shares or other securities of BHP Billiton. Directors and senior managers are also prohibited from dealing in Shares or other securities of BHP Billiton during designated prohibited periods and at any time at which the individual is in possession of price-sensitive information.

Any dealing by a Director in Shares or other securities of BHP Billiton is reported to the Board at each meeting. The Australian and London Stock Exchanges, and all secondary exchanges on which BHP Billiton is listed, are notified of any Share dealing by a Director within five days.

The BHP Billiton Securities Dealing Policy can be viewed on the website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

4.9 Chairman

The Chairman, Mr Don Argus, was, at the date of his appointment and continues to be, independent. He has been Chairman of BHP Limited since 1999 and of the Group since 2001.

The Chairman leads the Board. He has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to analyse and constructively critique the performance of management and the Group as a whole. The Chairman is responsible for representing the Board to shareholders.

Mr Argus is Chairman of Brambles Industries, a dual listed company that is listed on the Australian and London Stock Exchanges. The Board considers that neither his Chairmanship of Brambles, nor any of his other commitments (set out on page 28 of this Report), interfere with the discharge of his responsibilities to BHP Billiton. The Board is satisfied that he makes sufficient time available to effectively serve BHP Billiton.

The Group does not have a Deputy Chairman. The Board has, however, identified a non-executive Director to act as Chairman should the need arise at short notice. That Director is currently Dr John Schubert.

4.10 Senior Independent Director

The Board has appointed Dr John Buchanan as the Senior Independent Director of BHP Billiton Plc. Dr Buchanan is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive Officer or Chief Financial Officer.

4.11 Company Secretary

The Company Secretary is Ms Karen Wood. She is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is also responsible to the Board for ensuring compliance with Board procedures. She advises the Board, through the Chairman, on governance matters. All Directors have access to her advice and services, and she retains independent advisory services at the request of the Board or a Board Committee. The appointment and removal of the Company Secretary is a matter for the Board.

4.12 Meetings

The Board met eight times during the year. Generally, meetings run for two days. Five of those meetings were held in Australia, two in the United Kingdom and one in South Africa.

Details of Directors' attendance at those meetings are set out in the table below. The Chairman sets the agenda for each meeting in consultation with the Chief Executive Officer and the Company Secretary. Any Director may have any matter added to the agenda. Directors are provided with comprehensive papers on matters to be considered by the Board.

The non-executive Directors met four times during the year in the absence of executive Directors and other executives (save for the Company Secretary).

Members of the Office of the Chief Executive and other members of senior management attend meetings of the Board by invitation.

The Board works to a rolling schedule and conducts periodic reviews of the Group's businesses. Directors are encouraged to participate in debate and to bring independent judgment to bear on matters being considered. The Board recognises that constructive differences of opinion lead to more robust evaluation of the issues and, ultimately, better outcomes.

Attendance at Board and Board Committee meetings during the year ended 30 June 2004

	Board		Risk Management and Audit		Nomination		Remuneration		Health, Safety and Environment [^]	
	A*	B	A	B	A	B	A	B	A	B
Don Argus	8	8			6 [†]	6				
David Brink	8	8	9	9					5 [†]	5
John Buchanan	8	6			6	6	8 [†]	8		
Michael Chaney	8	8								
David Crawford	8	8	9 [†]	9						
Charles Goodyear	8	8							5	4
Cornelius Herkströter [#]	3	3	3	3						
David Jenkins	8	8	9	9			8	8		
Lord Renwick of Clifton	8	5			6	4	8	4		
Mike Salamon	8	8							5	5
John Schubert	8	8			6	6	8	8		

* Includes one meeting held by telephone

[#] Retired 24 October 2003

[†] Chairman of the Committee

[^] The other members of this Committee are external experts in the fields of health, safety or the environment. They are Professor Jim Galvin, Professor Jimmy Perkins, Dr David Slater and Mr Ed Spence. In addition, Mr Anthony Lennox, Group Vice President Health, Safety and Environment, is a member of this Committee.

Column A – indicates the number of meetings held during the period the Director was a member of the Board and/or Committee

Column B – indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee

5. Board of Directors – re-election review and renewal

The Board has determined that after a non-executive Director has served on the Board for more than nine years from the date of their first election, that Director will stand for annual election from the first annual general meeting after the expiration of their current term. Of the remaining Directors, at least one-third will retire at each annual general meeting. Directors are not appointed for a fixed term but must submit themselves to shareholders for re-election after three years. The period for which Directors have served on the Board, and the year in which they were last elected, are set out in the table on page 35. Re-appointment is not automatic.

The Board believes that progressive organisations appreciate the challenge of operating in today's business environment and particularly the requirement for transparency in determining Board membership and assessing the performance of Directors. The adoption of contemporary performance measures for Directors is considered an important part of this process. In particular, the Board considers it inappropriate for a Director to offer him or herself for re-election unless a performance appraisal has been undertaken beforehand.

Retiring Directors are subject to an assessment of their performance. The process is a formal one and culminates in the Board, on the recommendation of the Nomination Committee, making a determination as to whether the Board will endorse a retiring Director for re-election. Where a Director's performance is not considered satisfactory, the Board will not endorse re-election. The Board will advise shareholders whether or not re-election is supported. This advice is contained in the notice of meeting. In addition to assessing the performance of Directors, the Nomination Committee also reviews the skills, knowledge, experience and diversity represented on the Board and takes the findings of that review into account when considering the composition of the Board going forward.

In addition to performance reviews for Directors who are retiring and propose offering themselves for re-election, the Board conducts performance evaluations extending to performance of the Board as a whole, its Committees, the Chairman, individual Directors, and the governance processes which support Board work.

A review of individual Directors' performance was conducted during 2004. The aim was to provide each Director with feedback gathered from the other members of the Board. The process was managed by the Chairman, but feedback on the Chairman's performance was provided to him by Dr Schubert.

Performance was assessed against criteria which included: the ability of the Director to consistently take the perspective of creating shareholder value; to contribute to the development of strategy and identification of risks; to provide clarity of direction to management; to be a source of wise counsel; to bring a broad perspective to discussions and an understanding of key issues; to commit the time required to fulfil the role; and to listen to and respect the ideas of fellow Directors and management. The performance of the Board as a whole was assessed in 2003 and will again be assessed in 2005. Assessments of the performance

of the Board's Committees has commenced but will not be completed until later this calendar year.

Directors cannot be re-appointed if they have reached the age of 70 years, unless that appointment is approved by shareholders in the form of a special resolution. A Director so appointed must retire at the next annual general meeting.

The Board plans for its own succession with the assistance of the Nomination Committee. In so doing, the Board:

- considers the skill, knowledge and experience necessary to allow it to meet the strategic vision for the Group
- assesses the skill, knowledge and experience currently represented
- identifies any skills, knowledge and experience not adequately represented and agrees the process necessary to ensure a candidate is selected that brings those traits, and
- engages in a robust analysis of how Board performance might be enhanced both at an individual level and for the Board as a whole.

When considering new appointments to the Board, the Nomination Committee oversees the preparation of a position specification. In addition to the specific skills, knowledge and experience deemed necessary for candidates, that specification contains objective criteria such as a proven track record of creating value for shareholders; unquestioned integrity and a commitment to the highest standards of governance; having the required time available to devote to the job; a clear grasp of strategic thinking; an awareness of market leadership; outstanding monitoring skills; a preparedness to question, challenge and critique; and an independent point of view. The position specification is provided to an independent recruitment organisation, which reports to the Nomination Committee, for the conduct of a global search. Newly appointed Directors must submit themselves to shareholders for election at the first general meeting following appointment.

6. Board Committees

The Board has delegated some of its responsibilities to Committees of the Board. The Board has established four permanent Committees to assist in the execution of its responsibilities. These are the Risk Management and Audit Committee, the Health, Safety and Environment Committee, the Nomination Committee and the Remuneration Committee. Ad hoc Committees are formed from time to time to deal with specific matters.

Each of the permanent Committees has terms of reference (or charters) under which authority is delegated to them from the Board. The terms of reference for each Committee can be viewed on the Group's website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

The office of the Company Secretary provides secretariat services for each of the Committees. Committee meeting agendas, papers and minutes are made available to all members of the Board. Subject to appropriate controls and the overriding scrutiny of the Board, Committee Chairmen are free to use whatever resources they consider necessary to discharge their responsibilities.

6. Board Committees continued

Each Committee is composed of the people the Board considers best suited to fulfil the role of each Committee.

The members, role and focus of each Committee are set out in the tables below. The number of Committee meetings held during the year and the attendance at those meetings by members is set out in the table on page 38.

Risk Management and Audit Committee

Role:

- to assist the Board in relation to the reporting of financial information

Focus:

- the integrity of financial statements (see section 8.1 of this Statement)
- the appointment, reward, performance and independence of the external auditor, and the integrity of the audit process as a whole
- the effectiveness of the systems of internal control and risk management (see section 8.3 of this Statement)
- the performance and leadership of the internal audit function
- compliance by management with constraints imposed by the Board

Members:

- Mr D A Crawford (Chairman)
- Dr D C Brink
- Dr D A L Jenkins

Nomination Committee

Role:

- to assist the Board in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of a Director, having regard to the law and the highest standards of governance

Focus:

- the identification of suitable candidates to the Board
- the plan for succession of the Chief Executive Officer, and periodic evaluation of it
- reviewing the Board's assessment of the performance of individual Directors and making recommendations to the Board on the endorsement of retiring Directors seeking re-election
- communication to shareholders on the work of the Committee on behalf of the Board

Members:

- Mr D R Argus (Chairman)
- Dr J G Buchanan
- Lord Renwick of Clifton
- Dr J M Schubert

Health, Safety and Environment Committee

Role:

- to assist the Board to fulfil its responsibilities in relation to health, safety and environment matters arising out of the activities of the Group as they affect employees, contractors and the communities in which it operates

Focus:

- assessing the Group's activities and overall performance having regard to health, safety and environment matters
- advising the Board, Risk Management and Audit Committee and Remuneration Committee on the overall performance of the Group having regard to health, safety and environment matters

Members:

- Dr D C Brink (Chairman)
- Mr C W Goodyear
- Mr M Salamon
- Mr A T Lennox
- Prof J Galvin
- Prof J Perkins
- Dr D Slater
- Mr E Spence

Remuneration Committee

Role:

- to assist the Board in relation to the remuneration policy for the Group, the application of this policy to executives and the evaluation of the performance of the Chief Executive Officer

Focus:

- the remuneration policy and its application to the Chief Executive Officer and those who report to the Chief Executive Officer
- the adoption of annual and longer term incentive plans
- guidance to the Chairman on the annual evaluation of the Chief Executive Officer
- determination of levels of reward to the Chief Executive Officer and approval of rewards to those who report to the Chief Executive Officer
- communication to shareholders on remuneration policy and the Committee's work on behalf of the Board

Members:

- Dr J G Buchanan (Chairman)
- Dr D A L Jenkins
- Lord Renwick of Clifton
- Dr J M Schubert

7. Management Committees

Save for the decisions it has retained for itself (outlined in section 3 above), the Board has delegated the authority necessary to manage BHP Billiton to the Chief Executive Officer who is accountable to the Board for the exercise of these powers. In delegating those authorities, the Board has set a number of limits which provide guidance on the relationship between the Board and management. Those limits are outlined in the Board Governance Document a copy of which can be found at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

The Chief Executive Officer has delegated certain powers to executive management, either individually or acting as a Committee. The key management Committees and their respective roles are set out below.

7.1 The Office of the Chief Executive

The Office of the Chief Executive is the principal management decision-making body in the Group. The Committee has three principal functions – to make recommendations to the Board in respect of certain matters on which the Board must make decisions, to oversee the preparation of corporate strategy and to review performance, and to exercise the authority delegated to it under the terms of the Approvals Framework. Details of the members of this Committee may be found on pages 30 to 33.

7.2 The Executive Committee

The Executive Committee has a communications and influencing role across the Group and has responsibility for approving the Group's Health, Safety, Environment and Community standards. Details of the members of this Committee may be found on pages 30 to 33.

7.3 The Operating Committee

The Operating Committee is responsible for guiding the Group's strategies in regard to continuous improvement (operating excellence and knowledge-sharing networks), supply, minerals exploration, technology, project development services and operations talent management.

7.4 Financial Risk Management Committee

Under powers delegated by the Office of the Chief Executive, this Committee monitors the Group's financial risk management policies and exposures, approves financial transactions within the scope of its authority and makes recommendations to the Office of the Chief Executive.

7.5 Investment Risk Committee

The Investment Risk Committee operates under powers delegated by the Office of the Chief Executive and makes recommendations to that Committee. It oversees the management approval processes for major investments, which are designed to ensure that investments are aligned to the Group's agreed strategies and values; risks are identified and evaluated; investments are fully optimised to produce the maximum shareholder value within an acceptable risk framework; and appropriate risk management strategies are pursued.

8. Accountability and audit

8.1 Financial reporting

Consistent with the regulatory requirements of Australia, the UK and the US, BHP Billiton prepares combined financial statements according to Australian generally accepted accounting principles (GAAP), UK GAAP and a reconciliation to US GAAP. The combined financial statements reflect the fact that the Group operates as a single economic entity.

The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects. This assessment is provided in the Chairman's Review, the Chief Executive Officer's Report, the Review of Operations and in the various Customer Sector Group reports contained in this Report.

The Risk Management and Audit Committee reviews the half-yearly and annual financial statements and makes recommendations to the Board focusing on accounting policies, areas of judgment, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit. The financial statements are certified by the Chief Executive Officer and the Chief Financial Officer as giving a true and fair view and complying with applicable regulatory requirements.

8.2 External audit

In December 2003, the Board, on the recommendation of the Risk Management and Audit Committee, approved the appointment of KPMG as the sole auditor for the 2004 financial year. Shareholders will be asked to approve the annual appointment of the auditor at each annual general meeting.

BHP Billiton is committed to auditor independence. The Risk Management and Audit Committee reviews the independence and objectivity of the external auditor, which review includes:

- seeking confirmation that the external auditor is, in its professional judgment, independent of the Group
- obtaining from the external auditor an account of all relationships between the auditor and the Group
- monitoring the number of former employees of the external auditor currently employed in senior positions in the Group and assessing whether those appointments impair, or appear to impair, the auditor's judgment or independence
- considering whether, taken as a whole, the various relationships between the Group and the external auditor impairs, or appears to impair, the auditor's judgment or independence
- considering whether the compensation of individuals employed by the external auditor who are performing the audit is tied to the provision of non-audit services and, if so, consider whether this impairs, or appears to impair, the external auditor's judgment or independence, and
- reviewing the economic importance of the Group to the external auditor and assessing whether that importance impairs, or appears to impair, the external auditor's judgment or independence.

8.2 External audit continued

The Group audit engagement partner will rotate every five years, subject to the transitional provisions provided in the Australian, UK and US regulations in this area.

The Group has a policy governing the conduct of non-audit work by the auditors. Under that policy the external auditor is prohibited from performing services where the external auditor:

- may be required to audit its own work
- participates in activities that would normally be undertaken by management
- is remunerated through a 'success fee' structure, or
- acts in an advocacy role for BHP Billiton.

A copy of the Policy can be viewed on the website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

Details of the amounts paid to the external auditor during the year for audit and other services are set out in note 3 to the Concise Financial Report.

Based on the review by the Risk Management and Audit Committee, the Board is satisfied that the external auditor is independent.

8.3 Internal control

The Directors are responsible for the system of internal control and for regularly reviewing its effectiveness.

The principal aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Group's specific needs and the risks to which it is exposed.

8.3.1 Assessment of business risk

The Group operates an Enterprise-Wide Risk Management System, which continues to be enhanced at all operations. This System forms the cornerstone of the risk management activities of the Group. Its aim is to provide the Risk Management and Audit Committee with the assurance that the major risks facing the Group have been identified and assessed, and that there are controls either in place or planned for these risks. Independent validation is undertaken by Internal Audit. A copy of the Group's Enterprise-Wide Risk Management policy can be viewed on the website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

Strategic risks and opportunities arising from changes in the Group's business environment are regularly reviewed by the Office of the Chief Executive and discussed by the Board.

8.3.2 Monitoring process

Directors monitor risks and controls through the Risk Management and Audit Committee, the Health, Safety and Environment Committee and Internal Audit.

8.3.3 Risk Management and Audit Committee

The composition, role and focus of the Risk Management and Audit Committee are set out in section 6 of this Report.

The terms of reference of the Risk Management and Audit Committee include responsibility for the review of internal control systems, including the procedure for identifying business risks and controlling their financial impact on the Group.

To assist in discharging its responsibilities, the Board's Risk Management and Audit Committee receives reports from separate Risk Management and Audit Committees that have been established for each of the Customer Sector Groups and key functional areas. Committees have been established for the Aluminium, Base Metals, Carbon Steel Materials, Diamonds and Specialty Products, Energy Coal, Stainless Steel Materials and Petroleum Customer Sector Groups and for the Marketing, Shared Services Centres and Treasury functions. A member of the Board's Risk Management and Audit Committee chairs each of these Committees, apart from those for the Marketing and Treasury functions, which are chaired by Mr John Ralph. Mr Ralph is a former non-executive Director of BHP Billiton and is considered to have the necessary experience and expertise to perform this role.

These Committees perform an important monitoring function in the overall governance of the Group, but have no statutory responsibility in terms of reporting. This responsibility for reporting rests with the Board's Risk Management and Audit Committee and the Board.

Each half year, the President and Chief Financial Officers of each Customer Sector Group and each of the Marketing, Shared Services Centres and Treasury functions are required to review internal controls and to provide formal representations to the Group Centre and their Risk Management and Audit Committee, assuring compliance with Group policies and procedures and confirming the adequacy of internal control systems. These representations are provided to the Board's Risk Management and Audit Committee.

The Chief Executive Officer and Chief Financial Officer have certified to the Board that the financial statements are founded on a sound system of risk management and internal compliance, and that system is operating efficiently and effectively in all material respects.

8.3.4 Internal audit

BHP Billiton has an internal audit function, which is independent of the Group's external auditors. The Board's Risk Management and Audit Committee reviews the mission and charter of Internal Audit, ensures that it is appropriately staffed and that its scope of work is adequate in the light of the key risks facing the Group and the other monitoring functions in place. It also reviews and approves an annual internal audit plan.

That Committee also approves the appointment and dismissal of the Vice President Risk Management and Assurance (whose role includes being the head of the internal audit function) and assesses his or her independence and objectivity. The Vice President Risk Management and Assurance has unfettered access to management and the Board's Risk Management and Audit Committee.

The role of Internal Audit, as approved by the Board's Risk Management and Audit Committee, is to:

- assess the design and operating effectiveness of controls governing key operational processes and business risks
- provide the Board with an assessment, independent of management, as to the adequacy of the Group's internal operating and financial controls, systems and practices
- assist the Board in meeting its corporate governance and regulatory responsibilities, and
- provide consulting services to management in order to enhance the control environment and improve business performance.

In addition, the Group's internal controls are supported by the activities of the Financial Risk Management Committee and the Investment Risk Committee.

8.3.5 Review of effectiveness

During the year, the Directors conducted reviews of the effectiveness of the Group's system of internal control for the financial year and up to the date of this Report, in accordance with the Turnbull Guidance and the Principles of Good Corporate Governance published by the Australian Stock Exchange Corporate Governance Council. These reviews covered financial, operational and compliance controls and risk assessment.

In addition to considering the key risks facing the Group, the Board reviewed an assessment of the effectiveness of internal controls over the key risks identified through the work of the Board Committees and Management Committees described above.

9. Corporate social responsibility

BHP Billiton is committed to sustainable development. Health, safety, environment and community (HSEC) responsibilities are integral to the way in which the Group conducts its business. A Health, Safety, Environment and Community Report is published each year. The Report identifies BHP Billiton's HSEC targets and measures its performance against those targets. The Report is published at the same time as the Annual Report. A copy can be reviewed on the website at www.bhpbilliton.com/bb/sustainableDevelopment/reports.jsp.

10. Business conduct and the Charter

The BHP Billiton Guide to Business Conduct reflects the Charter values of integrity, respect, trust and openness. The Guide provides clear directions and advice on conducting business internationally; interacting with governments, communities and business partners; and general workplace behaviour. It states BHP Billiton's position on a wide range of ethical and legal issues including conflicts of interest, financial inducements, bribery, insider trading and political contributions. The Guide applies to Directors and to all employees, regardless of their job or location. Consultants, contractors and business partners are also expected to act in accordance with the Guide. Further details can be found at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

BHP Billiton has established regional helplines as a means by which employees can seek guidance or express issues of concern. Reports can be made anonymously. A Fraud Hotline facility is available for reporting cases of suspected misappropriations, fraud, bribery or corruption. Arrangements are in place for investigation of such matters. Where appropriate, this investigation is conducted independently.

The Guide to Business Conduct is available in eight languages. Internal performance requirements regarding business conduct have been established under the Health, Safety, Environment and Community Management Standards.

11. Political contributions

The BHP Billiton Group maintains a position of impartiality with respect to party politics. Accordingly, it does not contribute funds to any political party, politician, or candidate for public office. It does, however, contribute to the public debate of policy issues that may affect it in the countries in which it operates.

12. Compliance

BHP Billiton's compliance with the governance requirements in each of the jurisdictions in which it operates are described in this Annual Report including the Corporate Governance Statement, the Remuneration Report, the Directors' Report and the financial statements.

The Listing Rules of the UK Listing Authority require UK-listed companies to report on the extent to which they comply with the Principles of Good Governance and Code of Best Practice, which are contained in Section 1 of the Combined Code. In July 2003, the Financial Reporting Council in the UK released a revised Code that comes into effect for reporting years beginning on or after 1 November 2003. BHP Billiton has reviewed the provisions of that revised Code and is satisfied that it complies with those provisions.

The Listing Rules of the Australian Stock Exchange require Australian-listed companies to report on the extent to which they comply with the Best Practice Recommendations published by the Australian Stock Exchange Corporate Governance Council as part of its Principles of Good Corporate Governance.

Both the Combined Code (including the revised version) and the Best Practice Recommendations require the Board to consider the application of the relevant corporate governance principles, while recognising that departures from those principles are appropriate in some circumstances. As at the date of this Report BHP Billiton complies with the provisions set out in Section 1 of the Combined Code and the Best Practice Recommendations and has complied throughout the accounting period.

In June 2004, the Australian Parliament enacted the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 (CLERP9) that applies for financial years beginning on or after 1 July 2004. BHP Billiton has reviewed the CLERP9 requirements and is satisfied that it meets those requirements.

12. Compliance *continued*

A checklist summarising BHP Billiton's compliance with the UK Combined Code (including the revised version that comes into effect for reporting years beginning on or after 1 November 2003), the Best Practice Recommendations published by the ASX Corporate Governance Council, and the CLERP9 requirements has been posted to the website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

BHP Billiton Limited and BHP Billiton Plc are registrants of the Securities and Exchange Commission in the US. Both companies are classified as foreign private issuers. Both companies have American Depositary Receipts listed on the New York Stock Exchange.

BHP Billiton has reviewed the governance requirements currently applicable to foreign private issuers under the Sarbanes-Oxley Act (US) including the rules promulgated by the Securities and Exchange Commission and the rules of the New York Stock Exchange and is satisfied that it complies with those requirements.

There are no significant differences between the governance practices adopted by BHP Billiton and the currently applicable requirements of the Sarbanes-Oxley Act, the Securities and Exchange Commission and the New York Stock Exchange.

While the Board of BHP Billiton is satisfied with its level of compliance with the governance requirements in Australia, the UK and the US, it recognises that practices and procedures can always be improved, and that there is merit in continuously reviewing its own standards against those in a variety of jurisdictions. The Board has operated under a program of review that will continue throughout the year ahead.

REMUNERATION REPORT

Remuneration Report at a Glance

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Only the information contained in sections 2 to 7 of this Report (other than section 3.2.2) has been subject to audit.

Glossary of Terms

A number of abbreviations are used throughout this Report. To assist readers, the key abbreviations used are set out below.

Board	The Boards of Directors of BHP Billiton Limited and BHP Billiton Plc
CIP 2001	Co-Investment Plan 2001
Committee	The Remuneration Committee of BHP Billiton Limited and BHP Billiton Plc
Deferred Share	A nil-priced option or a conditional right to acquire a Share issued under the rules of the GIS
EBIT	Earnings Before Interest and Tax
EPS	Earnings Per Share. It is one of the Performance Hurdles for long-term incentives
ESP 1999	Employee Share Plan 1999
ESP 2000	Employee Share Plan 2000
Group	BHP Billiton Limited, BHP Billiton Plc and their subsidiaries
GIS	Group Incentive Scheme
KPI	Key Performance Indicator used to measure the performance of the Group, individual businesses and executives in any one year
MTI 2001	Medium Term Incentive Plan 2001
Option	A right to acquire a Share on payment of an exercise price issued under the rules of the GIS
Performance Hurdle	A specified target against which the Group's performance is measured to determine the extent to which long-term incentives might vest
Performance Share	A nil-priced option or a conditional right to acquire a Share, subject to Performance Hurdles, issued under the rules of the GIS
PSP 2000	Performance Share Plan 2000
PSP 2001	Performance Share Plan 2001
RSS 2001	Restricted Share Scheme 2001
Share	Fully paid Ordinary Share in the capital of BHP Billiton Limited or BHP Billiton Plc
Specified Executives	Those executives (other than executive Directors and numbering at least five) who have the greatest authority for managing the BHP Billiton Group
TSR	Total Shareholder Return is the change in share price plus dividends reinvested. It is one of the Performance Hurdles for long-term incentives

1. Remuneration Committee

1.1 Role

The Remuneration Committee operates under the delegated authority of the Board and assists the Board by focusing on the following activities:

- remuneration policy and its application to the Chief Executive Officer and those who report to the Chief Executive Officer
- adoption of annual and longer-term incentive plans
- determination of levels of reward to the Chief Executive Officer and approval of rewards to those who report to the Chief Executive Officer
- guidance to the Group Chairman on the annual evaluation of the Chief Executive Officer, and
- communication to shareholders on remuneration policy and the Committee's work on behalf of the Board.

The Committee is committed to the principles of accountability, transparency and to ensuring that remuneration arrangements demonstrate a clear link between reward and performance. Its activities are governed by terms of reference, which are available on the BHP Billiton website at www.bhpbilliton.com/bb/aboutUs/governance.jsp.

1.2 Membership and meetings

The following non-executive Directors were members of the Committee throughout the year:

- Dr John Buchanan (Chairman)
- Dr David Jenkins
- Lord Renwick of Clifton
- Dr John Schubert.

The Committee met eight times during the year. Attendance at those meetings is set out in the Corporate Governance Statement on page 38.

1.3 Advisors

The Group Chairman, the Chief Executive Officer and the Group Vice President Human Resources attend Committee meetings by invitation and have assisted the Committee in its deliberations during the year, except where matters associated with their own remuneration were considered.

In February 2004 the Committee appointed Kepler Associates as an independent external advisor to the Committee on matters of executive remuneration. The table below also lists the advisors who have been retained on behalf of the Group throughout the year.

Any information received by Group Human Resources, which is relevant to matters being considered by the Committee, is made available to Committee members.

Advisor	Services provided to the Remuneration Committee	Services provided to Group Human Resources	Other services provided to BHP Billiton
Kepler Associates	Advice on executive remuneration matters	–	–
Hay Group	–	• Job evaluations • Remuneration data	–
PricewaterhouseCoopers	–	• Remuneration benchmarking • Employee tax services	Audit, accounting, taxation and other services as disclosed in note 3 to the Concise Financial Report
Deloitte & Touche	–	• Long-term incentive plan performance measurement	Remuneration data
KPMG ⁽¹⁾	–	• Employee tax compliance and preparation services	Audit, accounting, taxation and other services as disclosed in note 3 to the Concise Financial Report
Towers Perrin	–	• Remuneration data • Actuarial calculations	Superannuation fund administration
Hewitt Bacon & Woodrow	–	• Retirement benefits and pensions governance advice • Actuarial advice	–
Ernst & Young	–	• Employee tax compliance and preparation services	Administration services relating to legacy BHP international assignees

Notes:

⁽¹⁾ The Group's external auditors provide services pursuant to the Group's policy relating to non-audit services, a copy of which is available at www.bhpbilliton.com/bbContentRepository/AboutUs/Governance/OtherServicesPolicy.pdf. Details of the auditors' fees associated with those services are set out in note 3 to the Concise Financial Report.

2. Remuneration Policy

The Committee recognises that the Group operates in a global environment and that its performance depends on the quality of its people. To prosper, the Group must be able to attract, motivate and retain highly-skilled executives willing to work around the world.

The key principles of the Group's remuneration policy are to:

- provide competitive rewards to attract and retain executive talent on a global basis
- apply demanding key performance indicators to deliver results across the Group and to a significant portion of the total reward
- link rewards to executives to the creation of value for shareholders
- assess and reward executives using financial and non-financial measures of performance
- ensure remuneration arrangements between executives are equitable and facilitate the deployment of human resources around the Group, and
- limit severance payments on termination to pre-established contractual arrangements which do not commit the Group to making unjustified payments in the event of non-performance.

3. Remuneration Structure

It is the Group's policy that service contracts for senior executives, including the Chief Executive Officer, be unlimited in term but capable of termination on 12 months' notice and that the Group retains the right to terminate the contract immediately, by making a payment equal to 12 months' pay in lieu of notice.

Some executives (but not the Chief Executive Officer) have existing service contracts that contain notice periods that exceed 12 months. The Committee has determined that it will limit notice periods to 12 months in all future contracts for executives, unless exceptional circumstances exist.

The service contracts typically outline the components of remuneration paid to executives but do not prescribe how remuneration levels are to be modified from year to year. Remuneration levels are reviewed each year to take account of cost-of-living changes, any change in the scope of the role performed by the executive and any changes required to meet the principles of the remuneration policy.

Remuneration is divided into two components. The first is the *fixed* component, which is generally made up of base salary and benefits, including retirement benefits. The second is the *at risk* component which is subject to Key Performance Indicators (KPIs) and Performance Hurdles and is generally made up of short and long-term incentives that take the form of cash payments and/or participation in equity plans. The amount of *at risk* remuneration, if any, that is earned by an executive is wholly dependent on that executive's and the Group's performance against those pre-determined KPIs and Performance Hurdles, details of which are set out in sections 3.2.1 and 3.2.2 of this Report. The percentage

of total remuneration that is attributable to the *fixed* and *at risk* components for each of the executives for whom remuneration is reported is set out on pages 52, 55 and 59 of this Report.

The cost and value of all of the components are considered as a whole. BHP Billiton's remuneration policy is to pay at the median level of remuneration for *target* performance and to provide the opportunity for upper decile rewards for distinctive (upper decile) performance. Details of each element of remuneration are set out below.

3.1 Fixed remuneration

3.1.1 Base salary and benefits

Base salaries are quantified by reference to the scope and nature of the individual's role and their performance and experience. Market data is used to benchmark salary levels on a single global scale, adjusted for local conditions. Particular consideration is given to competitive global remuneration levels.

In addition to base salary, selected executives receive benefits that might include health insurance, relocation costs, life assurance, car allowances and tax advisory services. All benefits received by the executive Directors and Specified Executives, are outlined in sections 4 and 5 of this Report.

3.1.2 Retirement benefits

A range of retirement and death-in-service benefits operate within the Group. These reflect the different statutory entitlements in the jurisdictions in which BHP Billiton operates and local market practice.

Some retirement benefits are delivered under defined benefit plans. The Committee considers that these types of plans can place an unreasonable financial burden on the Group and has therefore resolved that no new members will be admitted to the remaining defined benefit plans, save in exceptional circumstances.

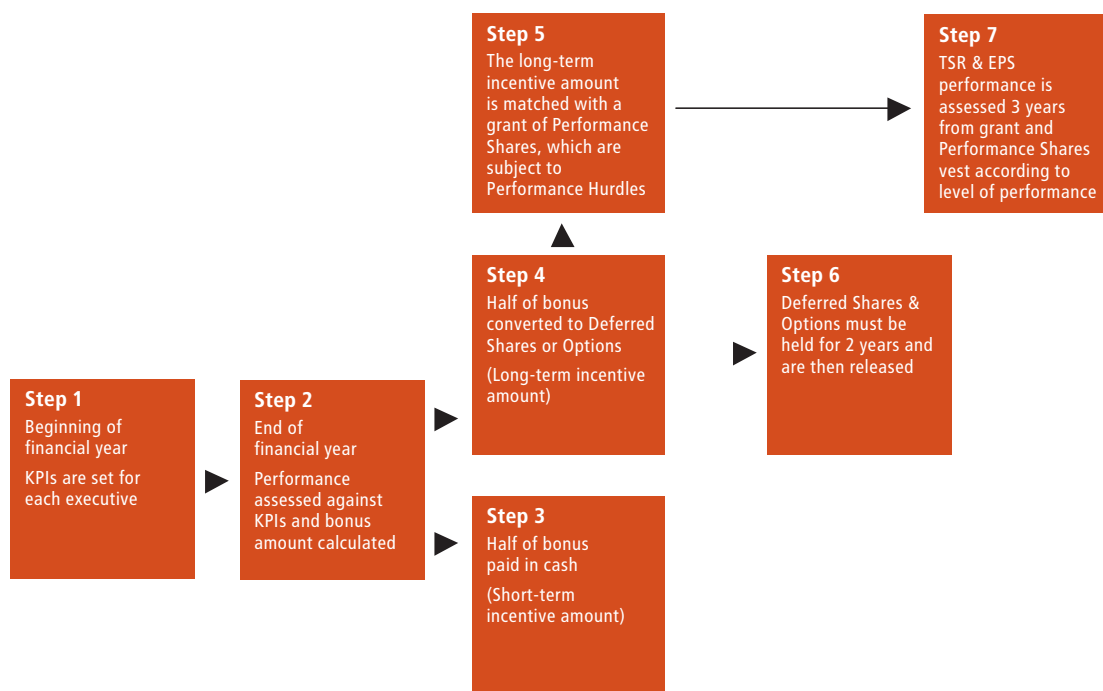
Details of the retirement benefits of the executive Directors and Specified Executives are set out in sections 4 and 5 of this Report.

3.2 At risk remuneration

At risk remuneration is delivered as short and long-term incentives under the Group Incentive Scheme (GIS) and applies to the Group's senior management, which includes the Company Secretary.

The GIS represents the variable component of remuneration and rewards senior executives for meeting or exceeding KPIs that are set each year and aligned to BHP Billiton's strategic framework. It is designed to drive sustainable, transparent performance in the long-term and reflects the Group's commitment to crucial operational targets. Participation in the GIS requires the approval of the Committee. Employees are required to hold a minimum number of BHP Billiton Shares throughout the period of their participation, which varies according to their seniority.

Summary of the operation of the Group Incentive Scheme



Some of the incentive plans replaced by the GIS in 2002 remain in operation although no new awards have been made under them. The last of the awards made under these plans will expire in 2011.

A summary of all incentive plans under which awards to executive Directors are still to vest or be exercised is set out in section 3.2.3 below. Entitlements held by Specified Executives under incentive plans are summarised in section 5.4 below and detailed in note 42 to the BHP Billiton Limited Annual Report 2004 – Combined Financial Statements.

3.2.1 Group Incentive Scheme

A summary of the current operation of the GIS is set out above.

The Board has proposed a series of changes to the GIS, subject to the approval of shareholders. Further details of the proposed changes are set out in the Notices convening the 2004 annual general meetings or can be accessed on the website at www.bhpbilliton.com/bbContentRepository/Events/LTDNOM04.pdf. In summary, the changes are designed to provide additional focus on the long-term performance of the Group. To achieve this aim, Directors will propose that the three-year Performance Shares component of the GIS be replaced with awards under a new five-year plan. The manner of assessing the remaining components of *at risk* remuneration under the GIS – cash bonus and Deferred Shares – will remain intact.

The rules of the GIS are available on the BHP Billiton website at www.bhpbilliton.com/bbContentRepository/Events/BHPBillitonLtdGIS.pdf and www.bhpbilliton.com/bbContentRepository/Events/BHPBillitonPlcGIS.pdf.

During the year, Performance Shares were granted to GIS participants in respect of their performance for the year 1 July 2002 to 30 June 2003. These are subject to Performance Hurdles, based on Earnings Per Share (EPS) growth and comparative Total Shareholder Return (TSR) during the performance period (1 July 2003 to 30 June 2006), to be measured in 2006.

To vest, Performance Hurdles for both BHP Billiton Plc and BHP Billiton Limited must be reached –

- The EPS growth targets will be satisfied if the compound EPS growth for the Group during the performance period is at least equal to the greater of the increase in the Australian Consumer Price Index or the increase in the UK Retail Price Index, plus 2 per cent per annum, over the performance period.
- If the TSR calculations for BHP Billiton Limited and BHP Billiton Plc over the performance period result in one entity receiving a higher TSR percentile than the other, both will be deemed to have achieved the lower TSR percentile. The level of vesting is as follows:

TSR percentile	% of Performance Shares that will vest
85th – 100th percentile	100
80th < 85th percentile	90
75th < 80th percentile	80
70th < 75th percentile	70
65th < 70th percentile	65
60th < 65th percentile	60
55th < 60th percentile	50
50th < 55th percentile	40
Less than 50th percentile	None

The peer group of companies against which BHP Billiton's TSR performance is measured comprises:

• Alcan	• Marathon Oil Company
• Alcoa	• Newmont Mining
• Alumina	• Noranda
• Anglo American	• Phelps Dodge
• Barrick Gold	• Placer Dome
• Companhia Vale do Rio Doce	• Rio Tinto
• Conoco Phillips	• Unocal
• Freeport-McMoRan	• Woodside Petroleum
• Inco	• Xstrata

These Performance Hurdles were chosen to encourage participants to focus on the long-term performance of the Group.

3.2.2 Performance of BHP Billiton

The KPIs for the year 1 July 2003 to 30 June 2004 were based on Group, individual business and personal measures. There are three levels of performance against each of the KPIs: performance at *threshold* (the minimum necessary to qualify for any reward); *target* (where the performance requirements have been met); and *stretch* (where performance is exceeded).

The Group KPIs measured performance in delivering against specific health, safety and environment targets and achieving specified levels of performance against financial targets.

The levels of performance achieved in relation to each of the primary group measures were as follows:

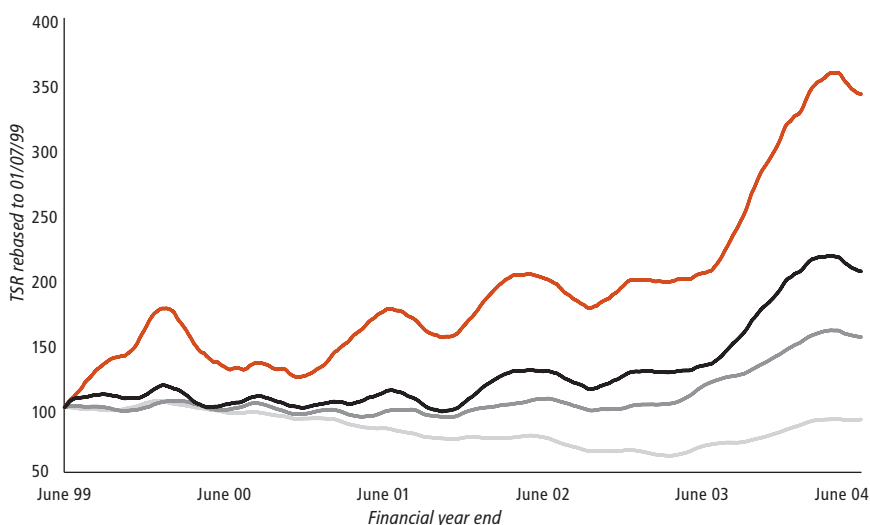
Group KPIs	Level of performance achieved as determined by the Committee
Health, safety and environment	Below <i>threshold</i>
Shareholder Value Added	<i>Stretch</i>
Net Present Value Added	Between <i>target</i> and <i>stretch</i>
ROCE	<i>Stretch</i>
EPS	<i>Stretch</i>
Cost Savings	Between <i>target</i> and <i>stretch</i>

The performance of the Group relative to the markets in which it operates, over the past five years, is illustrated by the two graphs below.

The first compares BHP Billiton's Total Shareholder Return performance to the ASX 100 and the FTSE 100. The second illustrates performance against the GIS comparator group, set out above.

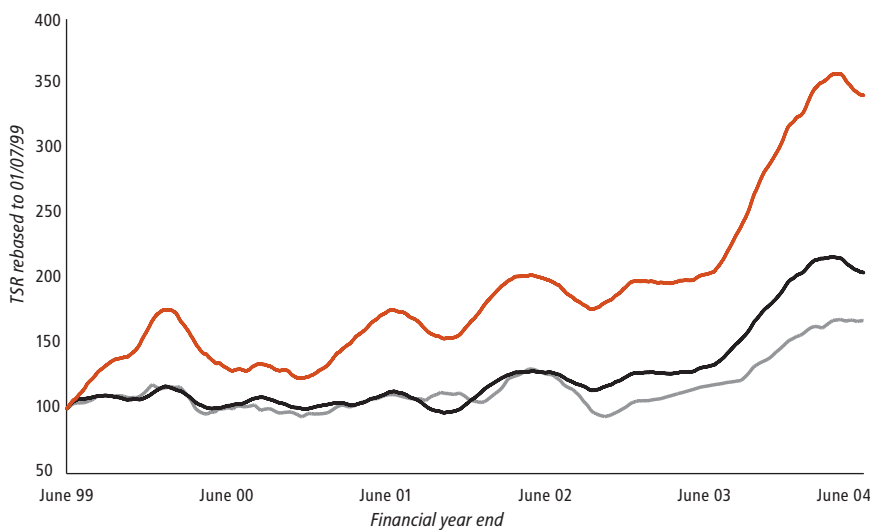
5-year TSR performance of BHP Billiton measured against the ASX 100 and FTSE 100 Index – Rebased in US\$

- BHP Billiton Plc
- BHP Billiton Limited
- ASX 100
- FTSE 100



5-year TSR performance of BHP Billiton measured against the GIS comparator group – Rebased in US\$

- BHP Billiton Plc
- BHP Billiton Limited
- Median of the comparator group



Source of information: Datastream

For the period 1 July 2003 to 30 June 2004 the total return to BHP Billiton Limited shareholders (as measured by the change in share price plus dividends paid) was 55 per cent. Over the same period the return to BHP Billiton Plc shareholders was 68 per cent.

The TSR performance for BHP Billiton Limited is inclusive of Bonus Share awards and is adjusted for the demerger of OneSteel Limited. The TSR performance for both BHP Billiton Limited and BHP Billiton Plc is adjusted for the demerger of BHP Steel Limited (now known as BlueScope Steel Limited).

Market price of Shares

	At 30 June 2004	Highest price in the year ended 30 June 2004	Lowest price in the year ended 30 June 2004
BHP Billiton Plc	£4.785	£5.265 (2 April 2004)	£3.11 (1 July 2003)
BHP Billiton Limited	A\$12.53	A\$12.78 (3 March 2004)	A\$8.36 (2 July 2003)

3.2.3 Long-term incentive plans – summary

The long-term incentive plans in which the executive Directors have unvested or unexercised awards at the date of this Report are summarised in the table below.

	Employee Share Plan 2000 (ESP 2000) ⁽¹⁾	Performance Share Plan 2001 (PSP 2001) & Restricted Share Scheme 2001 (RSS 2001)	Medium Term Incentive Plan 2001 (MTI 2001) & Co-Investment Plan 2001 (CIP 2001)	Group Incentive Scheme (GIS) 2002 Performance Shares (Transition Year)	Group Incentive Scheme (GIS) 2003 Performance Shares
Performance measurement From To	3 April 2000 2 April 2003	1 October 2001 30 September 2004	1 October 2001 30 September 2005 ⁽²⁾	1 July 2002 30 June 2005	1 July 2003 30 June 2006
Retesting available (i.e. a further opportunity to test performance after the first performance period has ended)	Yes, monthly until 2 April 2010	Yes, annually until 30 September 2006 but only applies to 25% of the award if retested	No	No	No
TSR performance condition	BHP Billiton Limited TSR compared to ASX 100 and global comparator group	BHP Billiton TSR compared to global comparator group	BHP Billiton TSR compared to global comparator group	BHP Billiton TSR compared to global comparator group	BHP Billiton TSR compared to global comparator group
Inflationary performance condition	No	Yes ⁽³⁾	Yes ⁽³⁾	Yes ⁽⁴⁾	Yes ⁽⁴⁾
Vesting schedule (upper and lower range)	< 41 percentile – 0% > 60 percentile 100%	< 10th position – 0% > 4th position – 100% ⁽⁵⁾	< 10th position – 0% > 4th position – 80% ⁽⁶⁾	< 50th percentile – 0% 85th–100 percentile 100%	< 50th percentile – 0% 85th–100 percentile 100%
Plan status	Legacy plan. Awards have met Performance Hurdles and are capable of being exercised.	Legacy plan. performance period not yet concluded.	Legacy plan. performance period not yet concluded.	Performance period not yet concluded.	Performance period not yet concluded.
Expiry date if exercisable	April 2010 ⁽⁷⁾	September 2011 ⁽⁷⁾	April 2006 ⁽⁷⁾	August 2008	August 2009
Comparator Group ⁽⁸⁾ :					
ASX 100	X				
Alcan		X	X	X	X
Alcoa		X	X	X	X
Alumina		X	X	X	X
Anglo American		X	X	X	X
Arcelor	X				
Barrick Gold		X	X	X	X
Companhia Vale do Rio Doce		X	X	X	X
Conoco Phillips	X	X	X	X	X
Corus Group	X				
Freeport McMoran	X	X	X	X	X
Inco		X	X	X	X
LTV	X				
Marathon Oil	X	X	X	X	X
Newmont Mining		X	X	X	X
Noranda	X	X	X	X	X
Nucor	X				
Phelps Dodge	X	X	X	X	X
Placer Dome		X	X	X	X
Rio Tinto	X	X	X	X	X
Total	X				
Unocal	X	X	X	X	X
US Steel	X				
WMC Resources	X				
Woodside Petroleum	X	X	X	X	X
Xstrata				X	X

Full details of all long-term incentive plans, including the number of participants is contained in note 31 to the BHP Billiton Limited Annual Report 2004 – Combined Financial Statements.

Notes:

- (1) Although the awards under this plan have vested, the executive Directors have not yet exercised their awards and still retain an interest in the plan.
- (2) The first performance period ended 30 September 2003. At that time, participants had the option to remain within the plan and enter a second performance period or leave the plan. The second performance period is a further two years ending on 30 September 2005.
- (3) The TSR growth targets will be satisfied if the compound TSR growth for the Group during the performance period is at least equal to the greater of the increase in the Australian Consumer Price Index or the increase in the UK Retail Price Index, plus 2 per cent per annum, over the performance period.
- (4) The EPS growth targets will be satisfied if the compound EPS growth for the Group during the performance period is at least equal to the greater of the increase in the Australian Consumer Price Index and the increase in the UK Retail Price Index, plus 2 per cent per annum, over the performance period.
- (5) The percentage of performance rights that vest under the PSP 2001 will not be greater than the percentage of the Share award that vests under the RSS 2001 and vice versa.
- (6) In respect of the second performance period > 4th position will mean a match of 125 per cent of Shares held by a participant. The percentage of performance rights that vest under the MTI 2001 will not be greater than the percentage of the Share award that vests under the CIP 2001 and vice versa.
- (7) Expiry date will be earlier if employment ceases.
- (8) From publicly available data.

4. Executive Directors

At the date of this Report there were two executive Directors in office, Mr Charles Goodyear and Mr Miklos (Mike) Salamon. The following sections detail their remuneration arrangements.

4.1 Mr Charles Goodyear

4.1.1 Summary of remuneration arrangements

Mr Goodyear's remuneration is made up of *fixed* and *at risk* components. For the year ended 30 June 2004, *fixed* remuneration, which comprises base salary, retirement benefits and other benefits, equals 51 per cent of total remuneration, when calculated at the *target* level of performance.

The *at risk* remuneration is made up of short and long-term incentives. Short-term incentives generally take the form of cash and are measured against KPIs. Long-term incentives are delivered through equity awards and are measured against Performance Hurdles. *At risk* remuneration for the year ended 30 June 2004 equals 49 per cent of total remuneration when calculated at the *target* level of performance.

The Committee has assessed Mr Goodyear's performance for the year and has concluded that, save for the KPI relating to Health, Safety and Environment, it was above *target* (see section 3.2.2 of this Report for the assessment in relation to the Group KPIs). Accordingly, the value of the *at risk* remuneration, and therefore the percentage of the total that is attributable to *at risk* remuneration, will be greater than the percentage at *target* level.

The tables that appear in sections 4.1.3 and 4.1.4 of the Report have been prepared in accordance with the law and accounting standards in Australia and the UK. While the information presented is fulsome, it does not readily give a picture of the amount of remuneration Mr Goodyear earned for the year. One of the reasons for this is that the value of the *at risk* remuneration cannot be finally determined until (i) approval to issue Shares has been granted by shareholders; (ii) the price at which the Shares are issued is known; and (iii) the performance period has expired and performance has been assessed against the Performance Hurdles. For these reasons the value of the *at risk* remuneration has to be estimated.

In the case of Deferred Shares the only vesting condition is for Mr Goodyear to remain in the employment of the Group for two further years. In the case of Performance Shares, the Performance Hurdles include TSR and EPS measures. Accordingly, the number, if any, of Shares that will ultimately vest cannot be determined until the service period has been completed or the Performance Hurdles have been assessed (in 2006 in the case of Deferred Shares and 2007 in the case of Performance Shares). The value of the Shares that form part of the *at risk* remuneration appearing throughout this section of the Report, are therefore estimates.

The summary below outlines Mr Goodyear's *fixed* and *at risk* remuneration for the year ended 30 June 2004.

Component of remuneration	Amount US\$	Further information
Fixed remuneration (Comprising base salary and benefits including retirement benefits)	2 171 071	see section 4.1.3
At risk remuneration		
Cash bonus	1 070 125	see section 4.1.3
Estimated fair value of the Deferred Shares	997 504	see section 4.1.4
Notional fair value of the Performance Shares	449 453	see section 4.1.4
Estimated total remuneration for financial year 2004	4 688 153	

At this year's annual general meetings shareholders will be asked to approve amendments to the GIS which will include the replacement of the three-year Performance Share component of the GIS with an award of Shares under a new five-year plan. If this resolution is approved no Performance Shares will be issued to Mr Goodyear in relation to the 2004 year. Shares under the new five-year plan will be issued in their place. Details of the proposed number of Shares and the Performance Hurdles that will apply are detailed in the Notices convening the annual general meetings. The method of assessing the remaining parts of the *at risk* remuneration under the GIS – the cash bonus and Deferred Shares/Options – will remain intact. The table above includes a notional fair value for the Performance Shares that would be issued (subject to shareholders' approval) under the existing terms of the GIS.

4.1.2 Service contract

Mr Goodyear has a single service contract with BHP Billiton Limited and BHP Billiton Plc dated 21 August 2003. The contract does not contain a fixed term and can be terminated by the Group on 12 months' notice. Mr Goodyear is entitled to terminate the contract on three months' notice. The Group may immediately terminate the contract by paying Mr Goodyear 12 months' base salary in lieu of notice. Where a payment is made in lieu of notice, a contribution to a superannuation or pension fund is also payable (see section 4.1.5 below).

Any entitlement Mr Goodyear might have in relation to short and long-term incentives is covered by the GIS (details of which are set out in section 3.2.1). The rules of that scheme outline the circumstances in which Mr Goodyear (and any other participant) would be entitled to receive any Deferred Shares, Options or Performance Shares that had been granted but which had not vested at the date of termination. The rules of the GIS also outline the circumstances in which Mr Goodyear would be entitled to a cash bonus payment for the performance year in which he leaves the Group. Those circumstances depend on the reason for his departure.

The Committee has discretion in relation to the entitlements of an employee on termination in some circumstances. This will include situations where the employee does not resign or is

4.1.2 Service contract continued

not terminated for cause, for example, where the Group and Mr Goodyear reach a mutual decision to part. In an effort to provide the Group, its shareholders and Mr Goodyear with as much certainty as possible in relation to his entitlements at termination, the Committee has considered what Mr Goodyear's entitlements might be if a mutual decision to part was reached. The Committee has resolved that, providing Mr Goodyear has served as Chief Executive Officer for no less than three years, he would be entitled to:

- any Deferred Shares or Options that had been granted but were not exercisable at the date of departure. The Committee believes that if the performance measures for the grant of these Deferred Shares or Options have already been met, save for the requirement that they be held for two years from the date of grant, a mutual decision to part would override that additional requirement to hold the Deferred Shares or Options for the balance of the two-year period,
- a cash bonus for the year in which the parting takes place, calculated according to Mr Goodyear's performance measured against his KPIs for that year, and pro-rated back to reflect the actual period of service in that year, and
- a right to retain entitlements to Performance Shares that have been granted but that are not yet exercisable, pending satisfaction of Performance Hurdles. The entitlements will be pro-rated to reflect Mr Goodyear's period of service from the date the awards were granted and will only become exercisable if and when the Performance Hurdles are met.

These entitlements would not arise if Mr Goodyear's contract was terminated for cause or if he resigned. Details of how the GIS would operate in those circumstances are set out in the rules, a copy of which is available on the website at www.bhpbilliton.com/bbContentRepository/Events/BHPBillitonLtdGIS.pdf.

Where the Committee retains discretion in relation to the award of any long or short-term incentives, the rules of the GIS require the Committee to exercise that discretion in good faith and acting reasonably.

Mr Goodyear would be entitled to any accrued entitlement that he may have under the rules of the Retirement Savings Plan at the date of termination as set out in section 4.1.5 below.

4.1.3 Remuneration

The remuneration paid to Mr Goodyear for the year ended 30 June 2004 is set out in the table below.

Mr Goodyear participated in the GIS throughout the year. The target cash bonus amount, set by the Committee at the beginning of the year, was 70 per cent of salary. Group KPIs represented a 75 per cent weighting and personal KPIs 25 per cent. The Committee has assessed the Group's and Mr Goodyear's performance for the year and awarded 85.6 per cent of salary as a cash bonus. The Committee has set Mr Goodyear's KPIs for the year ended 30 June 2005 and has again set a target cash bonus amount of 70 per cent of salary. Group KPIs for the year will represent an 80 per cent weighting. Personal KPIs include additional value added growth projects, project performance, demonstrable value from the market, succession planning and corporate strategic issues.

US Dollars

Base salary	Other benefits ⁽¹⁾	Retirement benefits ⁽²⁾	Annual cash bonus	Value of Deferred Shares ⁽³⁾	Subtotal 2004 UK GAAP	Subtotal 2003 UK GAAP	Share-based compensation – long-term ⁽⁴⁾	Adjustment for Deferred Share vesting period ⁽⁵⁾	Total 2004 Australian GAAP	Total 2003 Australian GAAP
FIXED	FIXED	FIXED	AT RISK	AT RISK			AT RISK	AT RISK		
1 250 000	321 071	600 000	1 070 125	997 504	4 238 700	3 734 357	590 330	(385 548)	4 443 482	3 543 809

Notes:

(1) Other benefits

Includes medical insurance and professional fees. Mr Goodyear also received a relocation allowance and expenses.

(2) Retirement benefits

Mr Goodyear is entitled to receive 48 per cent of his salary in the form of retirement benefits. For the period July to September 2003 he took this benefit as a cash gratuity. From October 2003, he elected to defer receipt and participate in the Group's Retirement Savings Plan.

(3) Deferred Shares

This represents the estimated fair value of Deferred Shares earned in the year. The actual Deferred Shares will be awarded to Mr Goodyear subject to approval by shareholders at the annual general meetings in 2004. Mr Goodyear can elect to receive Options instead of Deferred Shares or a combination of both.

(4) Share-based compensation – long-term

The amount in respect of long-term Share-based compensation represents the estimated value of awards granted under the long-term incentive schemes. The estimated value has been calculated using a Black-Scholes option pricing methodology (taking no account of Performance Hurdles) adjusted to reflect the expected vesting percentage. Details of outstanding awards and awards vesting in the year are set on in the tables below. The estimated value of the award made in any year is allocated in equal amounts to each of the years during the performance period, but is adjusted each year to reflect the then expected vesting percentage on a cumulative basis.

(5) In accordance with UK GAAP, 100 per cent of the estimated fair value of Deferred Shares earned during the 2004 year is included in the remuneration in the column headed 'Value of Deferred Shares'. Under Australian GAAP, such remuneration for the current and earlier years is to be included over the vesting period. The column headed 'Adjustment' represents the difference between the measurement methods. Hence the addition of the columns headed 'Value of Deferred Shares' and 'Adjustment' represents the remuneration associated with Deferred Shares under Australian GAAP.

4.1.4 Share and Option plans

The tables below set out details of Mr Goodyear's interests in incentive plans including the number of Shares and Options awarded in the financial year ended 30 June 2004. All Shares and Options issued form part of Mr Goodyear's *at risk* remuneration. The extent to which Shares (save for Deferred Shares and Options) will vest is wholly dependent on the extent to which the Performance Hurdles are met.

Share options

Scheme	BHP Billiton Limited Ordinary Shares under option					Exercise price ⁽⁴⁾	First exercise date	Expiry date
	At 1 July 2003	Granted ⁽²⁾	Exercised ⁽³⁾	Lapsed	At 30 June 2004			
GIS 2003 Options		320 725	–	–	320 725	A\$11.11	August 2005	August 2008
ESP 2000 ⁽¹⁾	722 785	–	–	–	722 785	A\$7.60	3 April 2003	2 April 2010
ESP 1999 ⁽¹⁾	557 576	–	206 511	–	351 065	A\$6.92	23 April 2002	22 April 2009

Notes:

(1) All of this award is exercisable.

(2) The market price of BHP Billiton Limited Shares on date of grant (21 November 2003) was A\$10.76. The fair market value per Option was A\$2.92.

(3) The market price on the date of exercise (23 December 2003) was A\$11.93. The aggregate gain was A\$1 034 676. Options over 351 065 Shares remain exercisable.

(4) Represents the exercise price payable on Options.

Shares awarded

Scheme	BHP Billiton Limited Ordinary Shares under award					Vesting date
	At 1 July 2003	Granted ⁽¹⁾	Vested ⁽²⁾	Lapsed	At 30 June 2004	
GIS 2003 Deferred	–	28 093	–	–	28 093	August 2005
GIS 2003 Performance	–	112 375	–	–	112 375	August 2006
GIS 2002 Performance	180 154	–	–	–	180 154	August 2005
PSP 2001	136 573	–	–	–	136 573	1 October 2004
PSP 2000	184 483	–	184 483	–	–	1 July 2003
Total	501 210	140 468	184 483	–	457 195	

Notes:

(1) The market price of BHP Billiton Limited Shares on date of grant (21 November 2003) was A\$10.76. The fair market value per Performance Share and Deferred Share was A\$4.58 and A\$10.03 respectively.

(2) 75 per cent of the Shares vested on 1 July 2003, following the end of the performance period, and the BHP Billiton Limited market price was A\$8.56. The remaining 25 per cent vested on 1 September 2003, and the BHP Billiton Limited market price was A\$11.00. The market price on the date of exercise (18 September 2003) was A\$10.80. The aggregate gain was A\$1 992 416.

4.1.5 Retirement benefits

Mr Goodyear's remuneration includes a payment in lieu of a contribution by the Group to a superannuation or pension fund fixed at an annual rate of 48 per cent of base salary. Mr Goodyear may elect to have this paid into a superannuation or pension fund or, instead, to defer receipt, subject to the rules of a Retirement Savings Plan established for this purpose which allow Mr Goodyear to accumulate these annual payments and to defer receipt until after he retires from the Group. The Plan allows Mr Goodyear to establish retirement savings arrangements that best meet his needs.

In the event of death-in-service, a benefit of four times base salary will be paid. The overall annual pension payable to his spouse at the time of his death, until she dies, will be equal to two-thirds of one-thirtieth of Mr Goodyear's pensionable salary at date of death, for each year of service from 1 January 2003 to his normal retirement date. Periods of service where Mr Goodyear received his retirement benefit in the form of the cash gratuity will be disregarded for the purpose of calculating any pension amount.

4.2 Mr Miklos (Mike) Salamon

4.2.1 Summary of remuneration arrangements

Mr Salamon's remuneration is made up of *fixed* and *at risk* components. For the year ended 30 June 2004, *fixed* remuneration, which comprises base salary, retirement benefits and other benefits, equals 55 per cent of total remuneration, when calculated at the *target* level of performance.

The *at risk* remuneration is made up of short and long-term incentives. Short-term incentives generally take the form of cash and are measured against KPIs. Long-term incentives are delivered through equity awards and are measured against Performance Hurdles. *At risk* remuneration for the year ended 30 June 2004 equals 45 per cent of total remuneration when calculated at the *target* level of performance.

The Committee has assessed Mr Salamon's performance for the year and has concluded that, save for the KPI relating to Health, Safety and Environment, it was above *target* (see section 3.2.2 of this Report for the assessment in relation to the Group KPIs). Accordingly, the value of the *at risk* remuneration, and therefore the percentage of the total that is attributable to *at risk* remuneration, will be greater than the *target* percentage.

The tables that appear in sections 4.2.3 to 4.2.5 of the Report have been prepared in accordance with the law and accounting standards in Australia and the UK. While the information presented is fulsome, it does not readily give a picture of the amount of remuneration Mr Salamon earned for the year. One of the reasons for this is that the value of the *at risk* remuneration cannot be finally determined until (i) approval to issue Shares has been granted by shareholders; (ii) the price at which the Shares are issued is known; and (iii) the performance period has expired and performance has been assessed against the Performance Hurdles. For these reasons the value of the *at risk* remuneration has to be estimated.

In the case of Deferred Shares the only vesting condition is for Mr Salamon to remain in the employment of the Group for two further years. In the case of Performance Shares, the Performance Hurdles include TSR and EPS measures. Accordingly, the number, if any, of Shares that will ultimately vest cannot be determined until the service period has been completed and the Performance Hurdles have been assessed (in 2006 in the case of Deferred Shares and 2007 in the case of Performance Shares). The value of the Shares that form part of the *at risk* remuneration appearing throughout this section of the Report, are therefore estimates.

The summary below outlines Mr Salamon's *fixed* and *at risk* remuneration for the year ended 30 June 2004.

At this year's annual general meetings shareholders will be asked to approve amendments to the GIS which will include the replacement of the three-year Performance Share component of the GIS with an award of Shares under a new five-year plan. If this resolution is approved no Performance Shares will be issued to Mr Salamon in relation to the 2004 year. Shares under the new five-year plan will be issued in their place. Details of the proposed number of Shares and the Performance Hurdles that will apply are detailed in the Notices convening the 2004 annual general meetings. The method of assessing the remaining parts of the *at risk* remuneration under the GIS – the cash bonus and Deferred Shares/Options – will remain intact. The table above

Component of remuneration	Amount US\$	Further information
Fixed remuneration (Comprising base salary and benefits including retirement benefits)	1 895 370	see section 4.2.3
At risk remuneration		
Cash bonus	852 089	see section 4.2.3
Estimated fair value of the Deferred Shares	784 326	see section 4.2.4
Notional fair value of the Performance Shares	357 877	see section 4.2.4
Estimated total remuneration for financial year 2004	3 889 662	

includes a notional fair value for the Performance Shares that would be issued (subject to shareholders' approval) but for the proposed amendments to the GIS.

4.2.2 Service contract

Mr Salamon has contracts of employment with BHP Billiton Plc and BHP Billiton Services Jersey Limited, a wholly-owned subsidiary of BHP Billiton Plc, both dated 1 September 2003.

Mr Salamon's employment agreements automatically terminate on his sixtieth birthday. At any time prior to his sixtieth birthday each service contract can be terminated by either the Group or Mr Salamon providing 12 months' notice. The Company may make a payment in lieu of notice of 12 months, equal to 150 per cent of base salary. This payment reflects the market practice at the time the terms were agreed.

The Committee has not considered the circumstances in which it would exercise its discretion to allow Mr Salamon to maintain any ongoing participation in relation to the long-term incentive schemes in which he participates in the event of his departure. Those entitlements, if any, will be governed by the rules of the schemes at the date of departure.

4.2.3 Remuneration

The remuneration paid to Mr Salamon for the year ended 30 June 2004 is set out in the table below.

Mr Salamon participated in the GIS throughout the year. The target cash bonus amount, set by the Committee at the beginning of the year, was 70 per cent of adjusted salary. Group KPIs represented 30 per cent of the total performance measures. Fifty per cent of the weighting applied to KPIs in relation to the operating business and the remaining 20 per cent was attributable to personal KPIs. The Committee has assessed the Group's and Mr Salamon's performance for the year and awarded 89.8 per cent of adjusted salary as a cash bonus. The Committee has set Mr Salamon's KPIs for the year ended 30 June 2005 and has again set a target cash bonus amount of 70 per cent of salary. Group KPIs for the year will represent 30 per cent of the total performance measures. Forty per cent of the weighting will apply to KPIs in relation to the operating business. The remaining 30 per cent is attributable to personal KPIs that include performance of key senior executives reporting to Mr Salamon, safety-oriented operating discipline, performance of key projects in the Non-Ferrous Materials group, development of the BHP Billiton Way and the function of the Operating Committee.

US Dollars

Base salary	Other benefits ⁽¹⁾	Annual cash bonus	Value of Deferred Shares ⁽²⁾	Subtotal 2004 UK GAAP	Subtotal 2003 UK GAAP	Retirement benefits ⁽³⁾	Share-based compensation – long-term ⁽⁴⁾	Adjustment for Deferred Share vesting period ⁽⁵⁾	Total 2004 Australian GAAP	Total 2003 Australian GAAP
FIXED	FIXED	AT RISK	AT RISK			FIXED	AT RISK	AT RISK		
1 197 666	42 581	852 089	784 326	2 876 662	2 542 388	655 123	622 057	(314 751)	3 839 091	2 947 460

Notes:

(1) Other benefits

Includes medical insurance, life assurance related benefits, car allowance and professional fees.

(2) Deferred Shares

This represents the estimated fair value of Deferred Shares earned in the year. The actual Deferred Shares will be awarded to Mr Salamon subject to approval by shareholders at the annual general meetings in 2004. Mr Salamon can elect to receive Options instead of Deferred Shares or a combination of both.

(3) Retirement benefits

The estimated benefit in respect of pensions includes contributions payable in respect of actual/notional contributions that would have been required to secure the defined benefit promises earned in the year. Details of the defined benefit pension entitlements earned by Mr Salamon are set out on page 57.

(4) Share-based compensation – long-term

The amount in respect of long-term Share-based compensation represents the estimated value of awards granted under the long-term incentive schemes. The estimated value has been calculated using a Black-Scholes option pricing methodology (taking no account of Performance Hurdles) adjusted to reflect the expected vesting percentage. Details of outstanding awards and awards vesting in the year are set out in the tables below. The estimated value of the award made in any year is allocated in equal amounts to each of the years during the performance period, but is adjusted each year to reflect the then expected vesting percentage on a cumulative basis.

(5) In accordance with UK GAAP, 100 per cent of the estimated fair value of Deferred Shares earned during the 2004 year is included in the remuneration in the column headed 'Value of Deferred Shares'. Under Australian GAAP, such remuneration for the current and earlier years is to be included over the vesting period. The column headed 'Adjustment' represents the difference between the measurement methods. Hence the addition of the columns headed 'Value of Deferred Shares' and 'Adjustment' represents the remuneration associated with Deferred Shares under Australian GAAP.

4.2.4 Share and Option plans

The table below sets out details of Mr Salamon's interests in incentive plans including the number of Shares awarded in the financial year ended 30 June 2004. All of the Shares and Options issued form part of Mr Salamon's *at risk* remuneration. The extent to which Shares (save for Deferred Shares and Options) vest will be wholly dependent on the extent to which the Performance Hurdles are met.

Shares awarded

Scheme	BHP Billiton Plc Ordinary Shares under award					Vesting date
	At 1 July 2003	Granted ⁽¹⁾	Vested	Lapsed ⁽²⁾	At 30 June 2004	
GIS 2003 Deferred	–	89 056	–	–	89 056	August 2005
GIS 2003 Performance	–	89 056	–	–	89 056	August 2006
GIS 2002 Performance	193 706	–	–	–	193 706	August 2005
CIP 2001	107 206 ⁽³⁾	–	–	11 911	95 295	1 October 2005
RSS 2001	198 163	–	–	–	198 163	1 October 2004
Total	499 075	178 112	–	11 911	665 276	

Notes:

(1) The market price of BHP Billiton Plc Shares on date of grant (21 November 2003) was £4.32. The fair market value per Performance Share and Deferred Share was £1.84 and £3.98 respectively.

(2) The first performance period ceased on 30 September 2003. Based on the performance measured at the end of the first performance period, 60 per cent out of a maximum of 80 per cent Matching Shares were capable of vesting. The remaining 20 per cent lapsed. Correspondingly, the maximum that can vest at the end of the second performance period has also been reduced. Mr Salamon did not elect to leave the CIP at the end of the first performance period and will remain in the Plan until October 2005.

(3) Includes 26 471 Committed Shares invested by Mr Salamon.

4.2.5 Retirement benefits

Defined Benefit Pension (US Dollars)

Amount by which the annual pension entitlement has increased during the year ended 30 June 2004 ⁽¹⁾	Total annual pension entitlement as at 30 June 2004	Estimated capital value (transfer value) of the increase in annual pension entitlement ⁽¹⁾	Estimated capital value (transfer value) of total accrued pension at 30 June 2004	Estimated capital value (transfer value) of total accrued pension at 30 June 2003
78 720	768 503	2 169 571	7 870 626	5 701 055

Notes:

⁽¹⁾ The increase in accrued pension is the difference between the accrued pension at the end of the previous year and the accrued pension at the end of the year without any allowance for inflation. The increase in transfer value of total accrued pension is the difference between the transfer value at the end of the year and the transfer value at the beginning of the year less the contributions made to the scheme by the Director also without any allowance for inflation.

The increase in accrued pension after making an allowance for inflation of 3 per cent (2003: 3.3 per cent) was US\$58 026 (2003: US\$63 966) and the transfer value of that increase less the contributions made to the scheme by the Director was US\$594 275 (2003: US\$578 420).

BHP Billiton Plc and BHP Billiton Services Jersey Limited have established non-contributory defined benefit pension arrangements under which Mr Salamon will be entitled to a pension at normal retirement date (age 60), equal to two-thirds of pensionable salary provided he has completed 20 years service with the Group or predecessor companies. Only base salary is pensionable. At the date of this Report Mr Salamon was 49 years of age.

Each year Mr Salamon has the right to determine whether his pension provision for that year's salary under each service contract with BHP Billiton Plc and BHP Billiton Services Jersey Limited is made under a defined benefit or defined contribution arrangement for service after 1 July 1997. Alternatively, he can choose to receive a cash sum at equivalent cost to the Group. Once he has completed 20 years or more service, the cash sum option will no longer be available to him.

If he has chosen in any year to have a defined contribution arrangement he may elect subsequently to have the defined contribution benefit for that year and any previous years converted to a defined benefit promise, in which case he must surrender the defined contribution benefit accrued.

If Mr Salamon retires before age 60, his accrued defined benefit pension entitlement will normally be reduced for early payment at the rate of 4 per cent per annum.

In terms of the rules of the scheme all pensions in payment will be indexed in line with the retail price index.

In the event of death-in-service, a lump sum benefit of four times base salary will be paid. A spouse's pension on death-in-service of two-thirds of the prospective pension will also be paid.

In the event of the death of Mr Salamon while in retirement, a surviving spouse's pension of two-thirds of the pension in payment, before the effect of commutation, will be paid.

5. Specified Executives and Highest Paid Officers (other than Directors)

The Specified Executives of the Group are those executives, other than executive Directors and numbering at least five, who have the greatest authority for managing the Group. This section contains information relating to that group of executives.

As noted in section 3.1 above, senior executives' total remuneration is divided into two components – *fixed* and *at risk*. The *at risk* component is derived only in circumstances where the individual has met challenging KPIs and Performance Hurdles which contribute to the Group's overall profitability and performance.

5.1 Service contracts

As outlined in section 3, it is the Group's policy that service contracts for senior executives are unlimited in term but capable of termination on 12 months' notice and that the Group retains the right to terminate the contract immediately, by making a payment equal to 12 months' pays in lieu of notice. Where contracts contain notice periods in excess of 12 months those contracts reflect market practice at the time the terms were agreed.

As reported in section 3, the service contracts typically outline the components of remuneration paid to the executive but do not prescribe how remuneration levels are to be modified from year to year.

The termination provisions in the service contracts with the Specified Executives are summarised in the table below.

REMUNERATION REPORT CONTINUED

Name and job title	Employing company	Notice period company	Notice period employee	Termination provisions ⁽¹⁾
Philip Aiken, Group President Energy	BHP Billiton Limited	12 months	6 months	On termination the Company may make a payment in lieu of notice equal to 12 months base salary plus the superannuation or retirement benefit contribution for that period
Marius Kloppers, Chief Commercial Officer	BHP Billiton Plc	12 months	6 months	On termination the Company may make a payment in lieu of notice equal to 12 months base salary plus the superannuation or retirement benefit contribution for that period
Chris Lynch, Chief Financial Officer	BHP Billiton Limited	12 months	6 months	On termination the Company may make a payment in lieu of notice equal to 12 months base salary plus the superannuation or retirement benefit contribution for that period
Robert Kirkby, President Carbon Steel Materials	BHP Billiton Limited	12 months	6 months	On termination the Company may make a payment in lieu of notice equal to 12 months base salary plus the superannuation or retirement benefit contribution for that period
John Fast, Chief Legal Counsel	BHP Billiton Limited	3 months	3 months	On termination the Company may make a payment in lieu of notice equal to 3 months base salary plus a termination payment of 21 months base salary

Notes:

⁽¹⁾ The Committee has not considered the circumstances in which it would exercise its discretion to allow the executives to maintain any ongoing participation in relation to the long-term incentive schemes in which they participate in the event of their departures. Those entitlements, if any, will be governed by the rules of the schemes at the date of departure.

5.2 Remuneration

The table below outlines the *fixed* and *at risk* remuneration of the specified executives for the year ended 30 June 2004.

Executive	Base salary	Other benefits ⁽¹⁾	Annual cash bonus	Value of Deferred Shares ⁽²⁾	Subtotal 2004 UK GAAP	Subtotal 2003 UK GAAP	Retirement benefits ⁽³⁾	Share-based compensation – long-term ⁽⁴⁾	Adjustment for Deferred Share vesting period ⁽⁵⁾	Total 2004 Australian GAAP	Total 2003 Australian GAAP
US Dollars	FIXED	FIXED	AT RISK	AT RISK			FIXED	AT RISK	AT RISK		
Philip Aiken	882 427	519 032	642 716	599 099	2 643 274	2 162 896	318 556	490 128	(225 782)	3 226 176	2 281 001
Marius Kloppers	719 262	158 398	647 228	595 759	2 120 647	1 933 182	320 817	350 018	(267 750)	2 523 732	1 899 673
Chris Lynch	716 480	27 272	613 680	572 034	1 929 466	1 705 112	248 619	390 901	(229 636)	2 339 350	1 729 507
Robert Kirkby	696 801	1 272	630 430	587 650	1 916 153	1 453 600	255 029	348 595	(247 454)	2 272 323	1 548 862
John Fast	638 944	–	591 726	551 569	1 782 239	1 323 160	229 381	384 082	(234 446)	2 161 256	1 459 472
David Munro ⁽⁶⁾	500 157	83 067	–	–	583 224	1 647 037	–	–	–	583 224	1 570 310

Notes:

⁽¹⁾ Other benefits

Includes medical insurance, life assurance related benefits, professional fees, payout of unused leave entitlements, relocation allowance and expenses where applicable.

⁽²⁾ Deferred Shares

This represents the estimated fair value of Deferred Shares earned in the year. Employees can elect to receive Options instead of Deferred Shares or a combination of both.

⁽³⁾ Retirement benefits

The estimated benefit in respect of pensions includes contributions payable in respect of defined contribution arrangements and actual/notional contributions that would have been required to secure the defined benefit promises earned in the year.

⁽⁴⁾ Share-based compensation – long-term

The amount in respect of long-term Share-based compensation represents the estimated value of awards granted under the long-term incentive schemes. The estimated value has been calculated using a Black-Scholes option pricing methodology (taking no account of Performance Hurdles) adjusted to reflect the expected vesting percentage. Details of outstanding awards and awards vesting in the year are set out in the tables below. The estimated value of the award made in any year is allocated in equal amounts to each of the years during the performance period but is adjusted each year to reflect the then expected vesting percentage on a cumulative basis.

⁽⁵⁾ In accordance with UK GAAP, 100 per cent of the estimated fair value of Deferred Shares earned during the 2004 year is included in the remuneration in the column headed 'Value of Deferred Shares'. Under Australian GAAP, such remuneration for the current and earlier years is to be included over the vesting period.

The column headed 'Adjustment' represents the difference between the measurement methods. Hence the addition of the columns headed 'Value of Deferred Shares' and 'Adjustment' represents the remuneration associated with Deferred Shares under Australian GAAP.

⁽⁶⁾ Resigned January 2004. As all awards under Share incentive plans lapsed on resignation, no amount of remuneration for such plans has been attributed to David Munro for the period.

5.3 Group Incentive Scheme

All of the Specified Executives participated in the GIS for the year ended 30 June 2004 and all have been invited to participate for the year commencing 1 July 2004. For both years, the target cash bonus amount for each Specified Executive is 70 per cent of salary. For the year commencing 1 July 2004, KPIs are split between Group and personal KPIs. Personal measures include both Customer Sector Group measures as well as measures which are business or function-specific. Personal measures range from 55 per cent to 75 per cent of the total KPIs for each Specified Executive.

If the proposed changes to the GIS outlined in section 3.2.1 above are approved by shareholders at the 2004 annual general meetings no Performance Shares will be issued to Specified Executives in relation to the 2004 year. Shares under the new five-year plan will be issued in their place.

	Year ended 30 June 2004		Year commencing 1 July 2004
	Percentage of total remuneration <i>at risk at the target level of performance</i>	Group measures	Group measures
Philip Aiken	46%	20% weighting of total performance measures	25% weighting of total performance measures
Marius Kloppers	50%	30% weighting of total performance measures	45% weighting of total performance measures
Chris Lynch	54%	45% weighting of total performance measures	45% weighting of total performance measures
Robert Kirkby	55%	20% weighting of total performance measures	30% weighting of total performance measures
John Fast	55%	45% weighting of total performance measures	45% weighting of total performance measures

5.4 Share and Option plans

The table below summarises details of the Specified Executives' interests in incentive plans including the number of Shares and Options awarded in the financial year ended 30 June 2004, all of which were granted as remuneration. Detailed information on their interests in the plans is set out in note 42 to the BHP Billiton Limited Annual Report 2004 – Combined Financial Statements. No Options held by Specified Executives are vested but not exercisable, except where stated. All of the Shares and Options issued form part of the executives' *at risk* remuneration. The extent to which Shares (save for Deferred Shares and Options) vest, will be wholly dependent on the extent to which the Performance Hurdles are met.

	Balance at 1 July 2003	Granted	Exercised	Vested	Lapsed	Balance at 30 June 2004
Philip Aiken						
• Shares	489 999	139 630	122 621	–	–	507 008
• Options	516 275	–	516 275	–	–	–
Marius Kloppers						
• Shares	310 873	110 756	–	–	11 911	409 718
• Options	–	–	–	–	–	–
Chris Lynch						
• Shares	350 947	122 020	61 987	–	–	410 980
• Options	–	–	–	–	–	–
Robert Kirkby						
• Shares	307 800	116 062	89 659	–	2 823	331 380
• Options	340 740	–	340 740	–	–	–
• Partly Paid Shares	362 588	–	–	–	–	362 588
John Fast						
• Shares	360 539	109 564	96 854	–	4 516	368 733
• Options	413 020	–	413 020	–	–	–
David Munro						
• Shares	326 908	98 614	–	–	425 522	–
• Options (resigned January 2004)	–	–	–	–	–	–

5.5 Retirement benefits

For service following 1 January 2003, retirement, death and disability benefits were aligned for the Specified Executives.

Retirement benefits were aligned on a defined contribution basis. For each executive a defined contribution rate was calculated to target a pension accrual of 2.2 per cent of base salary for each year of service from 1 January 2003 to age 60. Allowance for a two-thirds spouse's pension in retirement plus inflation indexation in payment was also incorporated into the calculations. To deliver the retirement promise, the executive is given a choice of funding vehicles including the executive's current retirement arrangement, an unfunded Retirement Savings Plan, an International Retirement Plan or a cash gratuity in lieu. The aggregate cost to the Company of exercising these funding choices will not exceed the calculated contribution rate for each executive.

On death-in-service a lump sum of four times base salary will be payable. In addition a spouse's pension of two-thirds of 2.2 per cent of basic salary at death for each year of service from 1 January 2003 to age 60 will be payable. Dependents' benefits are payable in addition and periods of service where the executive elected a cash gratuity are excluded. If the executive leaves on the grounds of incapacity, a disability pension payable

for the duration of the executive's life of 2.2 per cent for each year of service from 1 January 2003 to age 60 will be payable. Periods of service where the executive elects a cash gratuity are excluded from the disability pension. No spouses' benefit will be payable following death in disablement.

Benefits accrued by the executive in retirement arrangements before 1 January 2003 will be payable in addition to those described above.

6. Non-executive Directors

6.1 Remuneration policy

In May 2001 shareholders approved an aggregate sum of A\$3 million to be used to remunerate non-executive Directors. Fees payable to non-executive Directors were last set in 2002 and a review was considered appropriate in 2004. Following that review the Board agreed to revise the existing remuneration arrangements with effect from 1 July 2004. Fees payable to non-executive Directors will, in future, be reviewed on an annual basis.

The remuneration rates reflect the size and complexity of the Group, the multi-jurisdictional environment arising from the Dual Listed Companies structure, the multiple stock exchange listings, the extent of the geographic regions in which the Group

6.1 Remuneration policy continued

operates and the enhanced responsibilities associated with membership of Board Committees. They also reflect the considerable travel burden imposed on members of the Board. In revising the fees the Board reviewed remuneration rates of non-executive directors and chairmen of other companies, including those companies in the comparator group used in the GIS and detailed in section 3.2.1 of this Report. The Board is conscious that just as the Group must set remuneration levels to attract and retain talented executives, so it must also ensure that remuneration rates for non-executive Directors are set at a level that will attract the calibre of director necessary to effectively contribute to a high-performing Board.

The revised elements of remuneration are:

- a base fee of US\$85 000 per annum (increased from US\$60 000)
- a base fee of US\$105 000 per annum for the Senior Independent Director of BHP Billiton Plc (previously US\$80 000)
- a base fee of US\$450 000 per annum for the Chairman (previously US\$240 000)
- a Committee membership fee of US\$15 000 for HSE and Remuneration Committee members and US\$20 000 for members of the Risk Management and Audit Committee. No additional fee is paid for membership of the Nomination Committee
- a fee of US\$25 000 for the Chairman of each of the HSE and Remuneration Committees and US\$40 000 for the Chairman of the Risk Management and Audit Committee (previously US\$7500), and

- a travel allowance of US\$2000 for air travel that is more than three hours but less than 12 hours (previously US\$1000) and US\$5000 where air travel is more than 12 hours (previously US\$2500).

The previous meeting attendance fee of US\$1000 for each meeting attended has been abandoned.

Fees continue to be denominated in US dollars and paid in US dollars, Australian dollars or UK Sterling, as nominated by the Director.

Non-executive Directors are not eligible to participate in any of the Group's incentive arrangements.

A standard letter of engagement has been developed for non-executive Directors and is available on the website at www.bhpbilliton.com/bbContentRepository/AboutUs/Governance/lt_AppointmentasnonexecutiveDirector.pdf. Dates of appointment appear on page 35 of the Corporate Governance Statement.

Each non-executive Director is appointed subject to periodic re-election by the shareholders (see page 39 of the Corporate Governance Statement for an explanation of the re-appointment process). There are no provisions in any of the non-executive Directors' appointment arrangements for compensation payable on early termination of their directorship.

6.2 Remuneration paid

Remuneration paid to non-executive Directors for the year ended 30 June 2004 is set out in the table below.

	Fees	Committee Chair fees	Attendance fees	Travel allowances	Other benefits	Subtotal 2004 UK GAAP	Subtotal 2003 UK GAAP	Retirement benefits ⁽¹⁾	Total 2004 Australian GAAP	Total 2003 Australian GAAP
Don Argus	240 000	–	–	4 500	–	244 500	247 500	12 660	257 160	260 125
David Brink	60 000	7 500	18 000	9 000	5 619	100 119	98 281	–	100 119	98 281
John Buchanan	80 000	7 500	10 000	11 000	–	108 500	44 832	–	108 500	44 832
Michael Chaney ⁽²⁾	60 000	–	9 000	10 000	1 826	80 826	81 500	3 165	83 991	84 655
David Crawford	60 000	7 500	24 000	9 500	–	101 000	96 000	3 561	104 561	99 550
Cornelius Herkströter ⁽³⁾	18 871	–	6 000	2 500	2 553	29 924	86 281	–	29 924	86 281
David Jenkins	60 000	–	32 000	18 000	–	110 000	100 500	–	110 000	100 500
Lord Renwick	60 000	–	8 000	5 000	–	73 000	76 500	–	73 000	76 500
John Schubert	60 000	–	12 000	8 500	–	80 500	78 375	3 165	83 665	81 625

Notes:

⁽¹⁾ BHP Billiton Limited contributions of 9 per cent of fees paid in accordance with Australian superannuation legislation.

⁽²⁾ Michael Chaney has requested that fees payable to him are paid instead to his employer, Wesfarmers Limited.

⁽³⁾ Retired on 24 October 2003.

6.3 Retirement benefits

The following table sets out the accrued retirement benefits under the now closed Retirement Plan of BHP Billiton Limited, together with any entitlements obtained by the compulsory Group contributions to the BHP Billiton Superannuation Fund. The Plan was closed on 24 October 2003 and entitlements that had accumulated in respect of each of the participants were frozen. These will be paid on retirement. An earnings rate equal to the five-year Australian Government Bond Rate is being applied to the frozen entitlements from that date.

US Dollars

Name	Completed years of service at 30 June 2004	Increase in lump sum entitlement ⁽¹⁾	Lump sum entitlement at 30 June 2004	Lump sum entitlement at 30 June 2003
Don Argus	8	82 387	1 079 770	997 383
Michael Chaney	9	21 122	285 135	264 013
David Crawford	10	23 098	301 779	278 681
David Jenkins	4	56 588	188 595	132 007
John Schubert	4	11 734	143 741	132 007

⁽¹⁾ On closure of the Retirement Plan, no further entitlements have accrued. The increase reflects the accrual to the date of closure, together with application of the earnings rate and foreign exchange impact.

7. Aggregate Directors' Remuneration

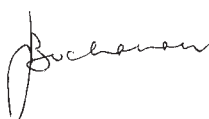
The aggregate remuneration of executive and non-executive Directors of BHP Billiton in accordance with UK generally accepted accounting principles is set out in the table below.

US Dollars (million)

	2004	2003
Emoluments	8	7
Termination payments	–	12
Awards vesting under long-term incentive plans	1	–
Gains on exercise of options	1	– ⁽¹⁾
Total	10	19

⁽¹⁾ Mr Goodyear exercised options during the year ended 30 June 2003 with a gain of US\$0.2 million.

This Report was approved by the Board on 1 September 2004 and signed on its behalf by:



John Buchanan
Chairman, Remuneration Committee

1 September 2004

BHP BILLITON CHARTER

WE ARE BHP BILLITON, A LEADING GLOBAL RESOURCES COMPANY.

Our purpose is to create long-term value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.

To prosper and achieve real growth, we must:

- actively manage and build our portfolio of high-quality assets and services,
- continue the drive towards a high-performance organisation in which every individual accepts responsibility and is rewarded for results,
- earn the trust of employees, customers, suppliers, communities and shareholders by being forthright in our communications and consistently delivering on commitments.

We value:

- **Safety and the Environment** – An overriding commitment to health, safety, environmental responsibility and sustainable development.
- **Integrity** – Doing what we say we will do.
- **High Performance** – The excitement and fulfilment of achieving superior business results and stretching our capabilities.
- **Win-Win Relationships** – Having relationships which focus on the creation of value for all parties.
- **The Courage to Lead Change** – Accepting the responsibility to inspire and deliver positive change in the face of adversity.
- **Respect for Each Other** – The embracing of diversity, enriched by openness, sharing, trust, teamwork and involvement.

We are successful in creating value when:

- our shareholders are realising a superior return on their investment
- our customers and suppliers are benefiting from our business relationships
- the communities in which we operate value our citizenship
- every employee starts each day with a sense of purpose and ends each day with a sense of accomplishment.



Chip Goodyear
Chief Executive Officer

August 2004



DIRECTORS' REPORT

The information presented in this Report relates to BHP Billiton Limited and BHP Billiton Plc and their subsidiaries.

The principal activities of the BHP Billiton Group during the 2004 financial year were minerals exploration, production and processing (in particular, alumina, aluminium, copper, iron ore, metallurgical coal, ferroalloys, energy coal, nickel, diamonds and titanium minerals), and oil and gas exploration, development and production.

There were no significant changes in the nature of the Group's principal activities during the year.

A review of the Group's operations during the financial year, and the results of those operations, appear in the Chairman's Review, the Chief Executive's Report, the Review of Operations, the Customer Sector Group Reviews and other material in this Report.

Information about the financial position of the Group is included in the Concise Financial Report of this Annual Report.

Significant changes in state of affairs

Significant changes in the state of affairs of the Company that occurred during the 2004 financial year are as follows:

- The organisation structure was modified to group the Customer Sector Groups into three broadly related business areas of Non-Ferrous Materials, Carbon Steel Materials and Energy. The previously existing Customer Sector Groups continue to operate within the new structure.
The Non-Ferrous Materials Group is comprised of the Aluminium, Base Metals and Stainless Steel Materials Customer Sector Groups. The Carbon Steel Materials Customer Sector Group forms the Carbon Steel Materials Group. The Energy Group is comprised of Energy Coal and Petroleum. The Diamonds and Specialty Products Customer Sector Group forms part of the responsibilities of the Chief Commercial Officer.
The Office of the Chief Executive was expanded by the inclusion of the Group President Carbon Steel Materials and the Group Vice President Human Resources.
- As previously reported, the acceleration of the Area C and Products and Capacity Expansion (PACE) iron ore projects in Western Australia was approved. During the financial year, the capacity of Area C was expanded to 15 Mtpa, and PACE capacity expanded to 100 Mtpa. (The original program provided for the increase in capacity of both projects by 2011.) Following completion of the expansion, the port, rail and mining capacity was aligned at 100 Mtpa. BHP Billiton's share of the capital expenditure for the expansion was 85 per cent.
- A brownfields expansion project in the iron ore business was approved. As part of the BHP Billiton Iron Ore Rapid Growth Project (RPG), capacity at the Pilbara iron ore operations will be increased from 100 Mtpa to 110 Mtpa by the end of calendar year 2004. The RPG will be completed on the back of infrastructure and equipment installed as part of the PACE and Area C projects. BHP Billiton's share of the capital expenditure for the expansion is approximately 85 per cent.

- Agreement was reached with four Chinese steel mills to enter into a commercial agreement, for the supply of approximately 12 Mtpa of Mt Newman iron ore over 25 years. The Chinese mills will take a 40 per cent interest in a sub-lease over BHP Billiton's Jimblebar mine and BHP Billiton will retain a 51 per cent interest (the balance will be held by Itochu Minerals & Energy of Australia Pty Ltd and Mitsui Iron Ore Corporation).
- The Ravensthorpe Nickel Project and the Yabulu Extension Project in Australia were approved. The two projects involve the development of a mine, treatment plant and associated infrastructure near Ravensthorpe in Western Australia, and the expansion of the QNI Yabulu Refinery near Townsville in Queensland. The two projects will increase nickel production capacity from 31 200 tpa to an estimated 76 000 tpa, and the life of the refinery will be extended by approximately 25 years. New production will increase BHP Billiton's combined nickel production capacity out of Australia and Colombia from 85 000 tpa to more than 130 000 tpa by 2007, and cobalt production will increase from 2000 tpa to 34 000 tpa. Production costs will also be reduced.
- The Worsley Alumina Development Capital Projects (DCP) in Australia were approved. DCP will take advantage of latent capacity in the plant and will result in an increase in alumina production of 250 000 tpa (215 000 tpa BHP Billiton share) to 3.5 Mtpa (3 Mtpa BHP Billiton share). The production increase is expected to be achieved by the second quarter of calendar year 2006.
- The Panda Underground Project at the EKATI Diamond Mine in Canada was approved, which will deliver approximately 4.7 million carats of high value Panda diamonds over a six-year production life. Initial production is expected to commence in early 2005, with full production in 2006. The project will partially arrest the decline in production grade and quality as the mine ages. The material recovered from the Panda Underground Project will deliver margins three times greater than if BHP Billiton continued to recover ore only from the open pit. BHP Billiton has an 80 per cent interest in this Project.
- The Escondida Sulphide Leach copper project in Chile was approved, which will produce approximately 180 000 tonnes (103 500 tonnes BHP Billiton share) of copper cathode per annum for over 25 years and is scheduled to begin production during the second half of 2006.
- At the Neptune 5 appraisal well in the Gulf of Mexico, a gross hydrocarbon column of nearly 1200 feet with over 500 feet (total vertical thickness) of net oil pay was discovered. The subsequent Neptune 7 appraisal well, drilled in the same field as Neptune 5, encountered a hydrocarbon column of approximately 114 feet of net oil pay. BHP Billiton is the operator of the block, with a 35 per cent interest.
- The appraisal well at Shenzi 2 in the Gulf of Mexico encountered approximately 500 feet of net oil pay in a 1250 feet gross hydrocarbon column. BHP Billiton is the designated operator at Shenzi and holds a 44 per cent interest in the field.

- The drilling of the Puma-1 exploration well in the Gulf of Mexico encountered approximately 500 feet of net oil pay in Miocene sandstones, and two subsequent sidetrack bores encountered oil in reservoir intervals of a similar age. BHP Billiton holds a 33.34 per cent interest in Puma.
- BHP Billiton and its joint venture partner entered into a gas sale and purchase agreement with AGL Wholesale Gas Limited for the supply into New South Wales of up to 983 petajoules (gross) of Bass Strait gas over a period of up to 14 years from 2004.
- BHP Billiton and its joint venture partner entered into a gas sale and purchase agreement with TXU Electricity Ltd for the supply of 825 petajoules (gross) of Bass Strait gas for the period 2004 to 2017.

On 18 August 2004, the Board announced its plan to pursue capital management initiatives with a target amount of up to US\$2 billion. BHP Billiton is currently reviewing various means of returning capital, including the use of share buy-backs, so as to optimise value, with the exact amount and timing of any return being dependent on market conditions.

On 26 August 2004, BHP Billiton announced its intention to enter into a commercial agreement with JFE Steel Corporation, which will underpin sales of approximately 16 Mtpa of iron ore over the following 11 years valued at US\$3.7 billion.

On 1 September 2004, BHP Billiton announced its intention to increase metallurgical coal production capacity to around 100 Mtpa by 2010. The increase in capacity will be achieved through high value incremental expansions of the BHP Billiton Mitsubishi Alliance and BHP Mitsui Coal Pty Ltd coal operations in Australia, and potential new developments such as the Maruwai prospect in Indonesia.

No other matter or circumstance has arisen since the end of the 2004 financial year that has significantly affected or may significantly affect the operations, the result of operations or state of affairs of the Group in future years.

The Group's business strategies, likely developments in, and the expected results of, the operations of the Group in future financial years are referred to elsewhere in this Report. The Directors believe that to include further information on those matters in this section of the Report would be likely to result in unreasonable prejudice to the Group.

Particulars in relation to environmental performance are referred to in the table on page 67.

No proceedings have been brought on behalf of the Company, nor any application made under section 237 of the Corporations Act.

Details of dividends paid in relation to the 2004 financial year are set out on page 6. No dividends or distributions were recommended or declared for payment to shareholders but not paid.

Indemnities

Rule 146 of the BHP Billiton Limited Constitution and Article 146 of the BHP Billiton Plc Articles of Association require each Company to indemnify each Director, secretary or executive officer of BHP Billiton Limited and BHP Billiton Plc respectively, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the

discharge of the duties of the Director, secretary or executive officer. The Directors named on pages 28 to 29, executive officers and the Secretary of BHP Billiton Limited and BHP Billiton Plc have the benefits of this requirement, as do people who formerly held one of those positions.

Pursuant to this requirement, BHP Billiton Limited and BHP Billiton Plc have entered into Deeds of Indemnity with each of their respective Directors, in terms of the indemnities provided under the BHP Billiton Limited Constitution and the BHP Billiton Plc Articles of Association.

The Group has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Group. In addition, the Group has in place the following policies that have been approved by the Board:

- where a person chairs a Customer Sector Group Risk Management and Audit Committee and that person is not an employee or a Director of BHP Billiton, a policy to indemnify that Chairperson in the same manner as employees of BHP Billiton are indemnified; and
- a policy to indemnify employees who work in certain high-risk countries against the risk that their life insurance may be invalid or the terms of cover varied, due to the high risk nature of the location in which they work. This policy is being phased out on a case-by-case basis in favour of a policy that does not involve employee indemnification.

From time to time, the Group engages KPMG to conduct non-statutory audit work and provide other services in accordance with the Group's policy on the Provision of Other Services by the External Auditor. The terms of engagement may include an indemnity in favour of KPMG:

- against all losses, claims, costs, demands, damages, liabilities or any proceedings ('liabilities') incurred by KPMG in respect of third party claims arising from a breach by the Group under the engagement terms; and
- for all liabilities KPMG has to the Group or any third party as a result of reliance on information provided by the Group which is false, misleading or incomplete.

The Group has insured against amounts that it may be liable to pay to directors, secretaries or certain employees pursuant to Rule 146 of the BHP Billiton Limited Constitution and Article 146 of the BHP Billiton Plc Articles of Association, or that it otherwise agrees to pay by way of indemnity of a director, secretary or employee. The insurance policy also insures Directors, secretaries and some Group employees against certain liabilities (including legal costs) they may incur in carrying out their duties for the Group.

The Group has paid premiums for this 'Directors and Officers' insurance of approximately US\$2.985 million during the year ended 30 June 2004. Additional premiums of approximately US\$337 100 have been paid. Some Directors, secretaries and employees contribute to the premium for this insurance.

Directors

Details of the Directors of BHP Billiton Limited and BHP Billiton Plc at the date of this Report, the period for which they held office

during the 2004 financial year and the Directors' qualifications, experience and special responsibilities, are set out on pages 28 to 29. The table on page 67 lists the directorships held by the Directors in other listed companies since 1 July 2001, and the period for which each directorship has been held.

Mr Cornelius Herkströter, a Director as at 30 June 2003, retired during the financial year on 24 October 2003.

The number of meetings of the Board and its Committees held during the 2004 financial year, as well as each Director's attendance at those meetings, is set out on page 38.

The table on page 68 sets out the relevant interests in shares in BHP Billiton Limited and BHP Billiton Plc of the Directors who held office at 30 June 2004 at the beginning and end of the financial year, and at the date of this Report. No rights or options over shares are held by any of the non-executive Directors. The rights or options held by executive Directors over shares in BHP Billiton Limited and BHP Billiton Plc are set out in the tables in sections 4.1.4 and 4.2.4 of the Remuneration Report.

The Group has not made available to any Director any interest in a registered scheme.

A discussion of the broad policy for determining the nature and amount of emoluments of Directors and senior executives of the Group, and a discussion of the relationship between that policy and the Group's performance, appears in the Remuneration Report on pages 47 to 49.

The following details appear in the tables on pages 52 to 62:

- The nature and amount of each element of the emoluments of each Director of BHP Billiton Limited and BHP Billiton Plc, and each of the specified executives having the greatest authority for managing the BHP Billiton Group (who are also the five officers of the Group receiving the highest emoluments).
- Options that may be satisfied either by the acquisition of shares on-market or by the issue of shares that have been granted during, or since the end of, the financial year as part of the remuneration of the executive Directors of BHP Billiton Limited and BHP Billiton Plc, and of the specified executives.

The former Directors of BHP Limited participated in a retirement plan under which they were entitled to receive a payment on retirement calculated by reference to years of service. The plan was closed on 24 October 2003 and benefits accrued to that date are held by BHP Billiton Limited and will be paid on retirement. Further information about this plan and its closure is set out on page 62.

Specified executives

The table on page 68 sets out the relevant interests in shares in BHP Billiton Limited and BHP Billiton Plc of the Specified Executives at the beginning and end of the financial year, and at the date of this Report. Interests held by the Specified Executives under Share and Option plans are set out in note 42 to the BHP Billiton Limited Annual Report 2004 – Combined Financial Statements.

Secretaries

Details of the qualifications and experience of Karen Wood, the Company Secretary, are set out on page 29. The following people

are also company secretaries of either BHP Billiton Limited or BHP Billiton Plc and report to Karen Wood in that capacity: Roger Taylor, BEc LLB FCIS, Deputy Company Secretary BHP Billiton Limited; Elizabeth Hobley, BA (Hons) ACIS, Deputy Company Secretary BHP Billiton Plc; Sam Butcher, BEc LLB (Hons) FCIS, Assistant Company Secretary BHP Billiton Limited; Ines Watson, ACIS, Assistant Company Secretary BHP Billiton Plc; Bill Smith, BComm LLB (Hons), Assistant Company Secretary BHP Billiton Plc. Each Company Secretary has experience in the secretariat role or as a legal advisor arising from time spent in such roles within BHP Billiton or other large listed companies.

Audit

The statement by the Group's external auditors to the members of BHP Billiton Limited in relation to the auditors' compliance with the independence requirements of the Corporations Act 2001 and the professional code of conduct for external auditors is set out on page 87 of this Report.

No person who was an officer of BHP Billiton during the financial year was a director or partner of the Group's external auditor at a time when the Group's external auditors conducted an audit of the Group.

Non-audit services

Details of the non-audit services undertaken by the Group's external auditors, including the amounts paid to the external auditor for non-audit services, are in note 3 to the BHP Billiton Limited Concise Financial Report. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors, and that the nature and scope of the non-audit services provided means that auditor independence was not compromised.


Class Order

The Company is a company of a kind referred to in Australian Securities and Investments Commission Class Order No 98/100, dated 10 July 1998. Amounts in this Report, excepting estimates of future expenditure, or where otherwise indicated, have been rounded off in accordance with that Class Order, that is, rounded to the nearest million dollars.

The Directors' Report is made in accordance with a resolution of the Board.



D R Argus
Chairman



C W Goodyear
Chief Executive Officer

Dated: 1 September 2004

Fines, prosecutions and environmental incidents

BHP Billiton Business	Fines and Prosecutions
Carbon Steel Materials	Appin Colliery (New South Wales, Australia) received two infringement notices and fines from the Australian Environmental Protection Authority. One fine was for A\$1500 for operation of spray irrigation area during wet weather. The second was for A\$1500 for non-compliance associated with missing data for mine water discharge monitoring.
Stainless Steel Materials	QNI Yabulu Refinery (Queensland, Australia) received an infringement notice and fine from the Australian Environmental Protection Authority for mine water bypassing containment facilities due to rainfall event. The fine was for A\$1500.

Performance in relation to environmental regulation

The Group's performance in relation to environmental regulation is measured by:

- the number of prosecutions against, and the quantum of fines incurred, by the Group's global operations during the financial year
- the number of environmentally significant incidents (including non-compliances) that occurred in the Group's global operations.

An environmentally significant incident is one with a severity rating of 3 or above based on the Group's internal severity rating scale (tiered from 1 to 5 by increasing severity). There were two significant incidents during the reporting period which occurred at the Selbaie mine in Canada. The incidents related to acid water seepage which resulted in the release of poor quality water outside the designed containment system. Notifications of the incidents were sent to the Canadian Ministry of Environment. Action plans and measures to fully contain all subsequent seepage have been put in place to prevent recurrence.

Further information about the Group's performance in relation to environmental regulation can be found in the Health, Safety, Environment and Community Report which can be viewed on the Group's website at www.bhpbilliton.com.

Directorships in other listed companies

The following table lists the directorships held by the Directors in listed companies (other than BHP Billiton Limited and BHP Billiton Plc) since 1 July 2001, and the period for which each directorship has been held.

Director	Listed Company	Period Directorship Held
Don Argus	• Australian Foundation Investment Company Limited	1999 to current
	• Brambles Industries Ltd	1999 to current
	• Brambles Industries Plc	2001 to current
	• Southcorp Limited	1999 to 2003
Charles Goodyear	None	
David Brink	• ABSA Group Limited	1992 to current
	• Murray & Roberts Holdings Ltd	1984 to 2003
	• Sanlam Limited	1994 to current
	• Sappi Limited	1994 to current
John Buchanan	• Unitrans Limited	1997 to current
	• BP Plc	1996 to 2002
	• Boots Group Plc	1997 to 2003
	• Vodafone Group Plc	2003 to current
Michael Chaney	• AstraZeneca Plc	2002 to current
	• Wesfarmers Limited	1988 to current

Director	Listed Company	Period Directorship Held
David Crawford	• Foster's Group Limited	2001 to current
	• Lend Lease Corporation Limited	2001 to current
	• National Foods Ltd	2001 to current
	• Westpac Banking Corporation	2002 to current
David Jenkins	None	
Lord Renwick of Clifton	• Fluor Corporation	1997 to current
	• British Airways Plc	1996 to current
	• Compagnie Financiere Richemont AG	1995 to current
	• SABMiller Plc	1999 to current
	• Harmony Gold Mining Company Limited	1999 to current
Miklos Salamon	None	
John Schubert	• Commonwealth Bank of Australia	1991 to current
	• Qantas Airways Limited	2000 to current
	• Hanson Plc	2000 to 2003
	• Worley Group Limited	2000 to current

Directors' share interests

The interests of the Directors who held office at 30 June 2004 in the shares of BHP Billiton Limited and BHP Billiton Plc are set out in the table below:

BHP Billiton shares ⁽¹⁾	As at date of Report	As at 30 June 2004	As at 30 June 2003
Don Argus ⁽²⁾	<i>203 495</i>	203 495	<i>193 495</i>
Charles Goodyear ⁽²⁾	<i>638 807</i> ⁽³⁾ <i>2 000</i> ⁽⁴⁾	638 807 ⁽³⁾ 2 000 ⁽⁴⁾	<i>247 813</i> ⁽³⁾
David Brink ⁽²⁾	<i>39 377</i>	39 377	<i>39 377</i>
John Buchanan	<i>4 000</i>	1 000	<i>1 000</i>
Michael Chaney ⁽²⁾	<i>12 338</i>	12 338	<i>12 338</i>
David Crawford ⁽²⁾	<i>29 127</i>	29 127	<i>29 127</i>
David Jenkins	<i>2 066</i> <i>10 000</i>	2 066 10 000	<i>10 326</i>
Lord Renwick of Clifton	<i>2 066</i> <i>12 385</i>	2 066 12 385	<i>2 066</i> <i>6 385</i>
Miklos Salamon ⁽²⁾	<i>977 282</i>	977 282	<i>977 282</i>
John Schubert	<i>23 675</i>	23 675	<i>23 675</i>

(1) Shares in BHP Billiton Limited shown in italics. All interests are beneficial.

(2) Includes shares held in name of spouse and/or nominee.

(3) 82 604 are held in the form of 41 302 American Depository Shares.

(4) Held in the form of 1000 American Depository Shares.

Specified executives' share interests

BHP Billiton shares ⁽¹⁾	As at date of Report	As at 30 June 2004	As at 30 June 2003
Philip Aiken ⁽²⁾	<i>356 422</i>	356 422	<i>133 801</i>
John Fast ⁽²⁾	<i>3 459</i> ⁽³⁾	175 459 ⁽³⁾	<i>2 945</i>
Robert Kirkby ⁽²⁾⁽⁴⁾	<i>634 589</i>	634 589	–
Marius Kloppers	–	–	–
Chris Lynch ⁽²⁾	<i>80 679</i>	80 679	<i>18 692</i>
David Munro ⁽⁵⁾	–	–	<i>11 175</i>

(1) Shares in BHP Billiton Limited shown in italics. All interests are beneficial.

(2) Includes shares held in the name of spouse and/or nominee.

(3) Includes 929 shares held by nominee in the form of endowment warrants.

(4) Joined the Office of the Chief Executive, the principal managerial decision-making body in the Group, as of 16 March 2004, at which date he held 634 589 shares.

(5) Resigned from the Group as of 18 January 2004, at which date he held 11 175 shares in BHP Billiton Plc.

CONCISE FINANCIAL REPORT

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DISCUSSION AND ANALYSIS

Basis of presentation of financial information

On 29 June 2001, BHP Billiton Limited (previously known as BHP Limited), an Australian listed company, and BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, entered into a Dual Listed Companies (DLC) merger. This was effected by contractual arrangements between the Companies and amendments to their constitutional documents.

The effect of the DLC merger is that BHP Billiton Limited and its subsidiaries (the BHP Billiton Limited Group) and BHP Billiton Plc and its subsidiaries (the BHP Billiton Plc Group) operate together as a single economic entity (the BHP Billiton Group), with neither assuming a dominant role.

Results for the year ended 30 June 2004

Overview

The Group set new records this year, both in terms of its operations and its financial results. This record result is reflective of strong market conditions and the successful execution of our business strategy. Since the creation of BHP Billiton, we have consistently focused on maximising the operating performance of our world class assets and reducing costs and improving the efficiencies of our businesses. We have utilised the growing cash flows generated from these businesses to invest in value accretive organic growth projects which have enabled us to benefit from the market conditions we are now experiencing.

Net profit attributable to members of the BHP Billiton Group for 2004 increased by 83.0 per cent to US\$3 403 million (2003: US\$1 860 million) and production records were set at many operations across our business.

Profit before borrowing costs and tax

Profit before borrowing costs and tax was US\$4 859 million compared to a profit of US\$3 294 million for 2003. Excluding significant items (refer below), profit before borrowing costs and tax was US\$5 327 million, an increase of 60.8 per cent when compared to a profit of US\$3 313 million in the corresponding period. The following represent the major factors affecting profit before borrowing costs and tax (excluding significant items and outside equity interests) for the year ended 30 June 2004, compared with the prior period:

- Higher commodity prices for copper, nickel, petroleum products, aluminium, export energy coal, ferrochrome and iron ore increased profit significantly.
- Higher sales volumes of copper, iron ore, aluminium, natural gas, LPG, manganese ore, metallurgical coal and diamonds, partially offset by lower oil and titanium feedstock product volumes, resulted in a net positive impact on profit.
- Ceased and sold operations had a favourable impact on profit. This mainly reflects the impact of divested assets including the Group's petroleum assets in Bolivia, the Alumbra copper/gold mine in Argentina, and our 33.6 per cent interest in the Highland Valley Copper mine (Canada).
- Asset sales favourably impacted profit, mainly due to the sale of non-core assets in the current period, including a non-core royalty interest in December 2003 and sales of non-core mineral rights.
- New operations increased profit, mainly due to the commencement of commercial production from the Ohanet wet gas development in Algeria from October 2003.

- Stronger A\$/US\$ and rand/US\$ average exchange rates on operating costs had an unfavourable impact on profit. The conversion of rand and Australian dollar denominated net monetary liabilities at balance sheet date had a favourable impact on profit, which was mainly due to the closing A\$/US\$ exchange rate appreciating 3.4 per cent during the current period compared to an appreciation of 17.7 per cent in the corresponding period. Gains on legacy A\$/US\$ currency hedging of US\$39 million in the current period had a favourable impact of US\$125 million compared to losses of US\$86 million in the corresponding period.
- Higher price-linked costs decreased profit, mainly due to increased taxes on petroleum products and higher LME-linked costs. Inflationary and other input cost pressures, principally in South Africa and Australia, increased costs. These factors were partially offset by favourable operating cost performance.
- Exploration expense was approximately US\$85 million higher than the prior period, reflecting increased exploration activity in the Gulf of Mexico (US), Trinidad and Tobago and Western Australia.

Significant items

Significant items increased attributable profit by US\$41 million (after tax) during the year, as follows.

The Group refined its plans in relation to certain closed operations. This resulted in a charge of US\$534 million (US\$512 million after tax) comprising:

- At Southwest Copper (US), a charge of US\$425 million resulting from a re-estimation of short-term closure costs and the inclusion of residual risks, longer-term costs, (including overhead and water management) and an increase in the residual value of certain assets; and,
- At other closed sites, a charge of US\$109 million (before a tax benefit of US\$22 million), in relation to the Island Copper mine (Canada), the Newcastle steelworks (Australia), the Selbaie copper mine (Canada), and several other smaller sites.

The Group announced it was part of a consortium that had reached a settlement with Dalmine SpA with respect to a claim brought against Dalmine in April 1998. The claim followed the failure of an underwater pipeline installed in 1994 in the Liverpool Bay area of the UK continental shelf. As a result of the settlement, BHP Billiton has recorded a gain of US\$66 million (US\$48 million after tax).

BHP Billiton elected to consolidate its Australian subsidiaries under the Australian tax consolidation regime, as introduced by the Australian Federal Government. Under the transitional rules, the Group has chosen to reset the tax cost base of certain depreciable assets which will result in additional tax depreciation over the lives of the assets. This resulted in the restatement of deferred tax balances and a tax benefit of US\$267 million being recorded in accordance with Australian Generally Accepted Accounting Principles (GAAP).

The level of certainty regarding potential benefits arising from prior period taxation deductions and foreign tax credits available in the US and Canada has increased to the extent that some of the provisions against deferred tax assets established in prior years are no longer necessary. This is a result of higher income generation, changes in legislation and effective utilisation of tax credits during the year, along with increasing confidence regarding the ability to realise benefits in the future. Accordingly, the Group has recorded a tax benefit of US\$238 million.

The significant item for the year ended 30 June 2003 arose from the demerger of the Group's BHP Steel business which became unconditional on 1 July 2002. A 6 per cent interest in BHP Steel was retained by the Group upon demerger which was sold in July 2002 for US\$75 million. The loss of US\$19 million associated with this sale was recognised in the year ended 30 June 2003 as a significant item in relation to Discontinued Operations.

Borrowing costs

Total borrowing costs, including capitalised interest and excluding discounting on provisions and other liabilities and exchange differences on Group borrowings, fell from US\$400 million to US\$367 million. This was principally driven by lower average debt levels and active management of the Group's debt portfolio which has resulted in lower average interest rates. Exchange losses on Group borrowings, mainly relating to the translation of rand denominated debt, were US\$109 million compared with losses of US\$117 million in the corresponding period.

Taxation

The tax charge on earnings was US\$870 million, which included the tax benefits of significant items totalling US\$509 million as noted above. Excluding the benefit of these significant items, the tax charge would be US\$1 379 million, representing an effective rate of 28.5 per cent. The underlying effective rate was 27.5 per cent before the impacts of non tax-effected foreign currency adjustments, translation of tax balances and other functional currency translation adjustments, mainly attributable to the strengthening of both the rand and Australian dollar against the US dollar during the period.

Financial position

Net assets and equity for the BHP Billiton Group were US\$15 425 million at 30 June 2004, an increase of US\$2 586 million from the previous year. Net borrowings for the BHP Billiton Group decreased by 17.4 per cent to US\$4 769 million at 30 June 2004. As a consequence of the above, the gearing ratio decreased to 23.6 per cent, compared with 31.0 per cent at 30 June 2003.

Portfolio management

A number of portfolio management activities were finalised during the current year. Sales of non-core assets, including the sale of our interest in the Highland Valley Copper mine (Canada) and the Robinson copper/gold mine (US) by Base Metals, the sale of our interest in Mamore (Bolivia) by Petroleum, sale of a non-core royalty interest by Diamonds and Specialty Products, and sales of non-core mineral rights by Stainless Steel Materials, generated total proceeds of US\$277 million.

Capital management

BHP Billiton has consistently stated that the priorities for its cash flow are:

- to finance growth opportunities with attractive rates of return;
- to maintain a capital structure in line with an A credit rating; and
- to return cash to shareholders, either through its progressive dividend policy or by other means.

The Board of BHP Billiton remains committed to demonstrating strong capital discipline whilst ensuring that BHP Billiton is able to finance its strong and growing organic growth pipeline.

Following a review of its current and anticipated cash flows, the Board has approved a number of actions associated with capital management activities. On 18 August 2004 the Board declared a final dividend of 9.5 US cents per share, an increase of 26.7 per cent over last year's final dividend. This brings the total dividends for the 2004 financial year to 26 US cents per share (refer 'Dividends' below). Additionally, the Board approved plans to pursue additional capital management initiatives with a target amount of up to US\$2 billion. BHP Billiton is currently reviewing various means of returning capital, including the use of share buy-backs, so as to optimise value, with the exact amount and timing of any return being dependent upon market conditions.

In November 2003, Standard & Poor's upgraded the Group's long-term credit rating from A to A+, and in May 2004, Moody's Investors Service changed the Group's outlook from A2 (stable) to A2 (positive).

Cash flows

Net operating cash flow (after interest and tax) was a record US\$5 310 million, with a net cash inflow (after investing and financing activities) of US\$162 million.

Total capital and investment expenditure amounted to US\$2 624 million, including US\$952 million on petroleum projects and US\$1 672 million on minerals and other minor projects. Of the total capital and investment expenditure, sustaining capital expenditure was US\$926 million. In addition, exploration expenditure was US\$454 million, comprising petroleum exploration of US\$340 million and minerals exploration of US\$114 million. Proceeds from the sale of property, plant and equipment, proceeds from the sale investments, and proceeds from the sale of controlled entities, joint venture and associated entities generated US\$425 million, contributing to an investing cash outflow of US\$2 653 million.

After dividends paid in the period of US\$1 501 million (up from US\$830 million in the corresponding period), financing cash outflows amounted to US\$2 495 million.

Currency

The Group has adopted the US dollar as its reporting currency and, subject to some specific exceptions, its functional currency.

Currency fluctuations affect the Statement of Financial Performance in two principal ways.

Sales are predominantly based on US dollar pricing (the principal exceptions being Petroleum's gas sales to Australian and UK domestic customers and Energy Coal's sales to South African domestic customers). However, a proportion of operating costs (particularly labour) arises in local currency of the operations, most significantly the Australian dollar and South African rand, but also the Brazilian real, the Chilean peso and Colombian peso. Accordingly, changes in the exchange rates between these currencies and the US dollar can have a significant impact on the Group's reported results.

Several subsidiaries hold certain monetary assets and liabilities denominated in currencies other than their functional currency (US dollars), in particular non-US dollar denominated tax liabilities, provisions and, to a lesser extent, debt. Group borrowings are primarily in US dollars, with 4 per cent of borrowings in South African rand. Monetary assets and liabilities are converted into US dollars at the closing rate. The resultant differences are accounted for in the Statements of Financial Performance.

Dividends

A first interim dividend of 8.0 US cents per share was paid on 3 December 2003 and a second interim dividend of 8.5 US cents per share was paid on 5 May 2004. A final dividend for the year ended 30 June 2004 of 9.5 US cents per share was declared after year end and so is not provided for as at 30 June 2004. The final dividend will be paid to shareholders on 22 September 2004. The BHP Billiton Limited dividends are all fully franked for Australian taxation purposes.

The total dividends declared for the year is 26.0 US cents compared to 14.5 US cents in the prior year. Three dividends were declared for the year ended 30 June 2004 as a result of the Group's decision to realign dividend declaration dates to coincide with the announcements of our interim and full year results. In future years, BHP Billiton intends to declare an interim dividend at the time of its interim results announcement, and a final dividend at the time of its full year results announcement.

Dividends for the BHP Billiton Group are determined and declared in US dollars. However, BHP Billiton Limited dividends are mainly paid in Australian dollars and BHP Billiton Plc dividends are mainly paid in pounds sterling to shareholders on the UK section of the register and rand to shareholders on the South African section of the register.

Combined financial statements and Parent Entity financial statements

The 'BHP Billiton Limited Annual Report 2004 – Combined Financial Statements' and the full single parent entity financial statements of BHP Billiton Limited are available on the Company's website (www.bhpbilliton.com) and are available to shareholders on request, free of charge.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 US\$M ^(a)	2003 US\$M ^{(a)(b)}
Revenue from ordinary activities			
Operating revenue		22 887	15 608
Non-operating revenue		626	941
	4	23 513	16 549
<i>deduct</i>			
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs		17 084	11 730
		6 429	4 819
<i>add</i>			
Share of net profit of joint venture and associated entities accounted for using the equity method		223	164
		6 652	4 983
<i>deduct</i>			
Depreciation and amortisation		1 793	1 689
Borrowing costs		490	511
Profit from ordinary activities before income tax	4	4 369	2 783
<i>deduct</i>			
Income tax expense attributable to ordinary activities		870	883
Net profit		3 499	1 900
<i>deduct</i>			
Outside equity interests in net profit of controlled entities		96	40
Net profit attributable to members of the BHP Billiton Group		3 403	1 860
Net exchange fluctuations on translation of foreign currency net assets and foreign currency interest bearing liabilities net of tax		48	67
Total direct adjustments to equity attributable to members of the BHP Billiton Group		48	67
Total changes in equity other than those resulting from transactions with owners		3 451	1 927
Basic earnings per share (US cents)	6	54.7	30.0
Diluted earnings per share (US cents)	6	54.5	29.9

^(a) Financial information for 2004 and 2003 represents the financial performance of the BHP Billiton Group (Refer 'Dual Listed Companies Structure and Basis of Preparation of Financial Statements').

^(b) Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Statement of Financial Performance for the year ended 30 June 2003 includes the financial effect of the demerger and subsequent sale of the 6 per cent interest retained by the Group upon demerger.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

Notes	2004 US\$M ^(a)	2003 US\$M ^(a)
Current assets		
Cash assets	1 818	1 552
Receivables	2 778	2 177
Other financial assets	167	143
Inventories	1 715	1 328
Other assets	176	129
Total current assets	6 654	5 329
Non-current assets		
Receivables	748	897
Investments accounted for using the equity method	1 369	1 403
Other financial assets	123	148
Inventories	45	51
Property, plant and equipment	20 945	19 780
Intangible assets	422	466
Deferred tax assets	502	447
Other assets	371	354
Total non-current assets	24 525	23 546
Total assets	4 31 179	28 875
Current liabilities		
Payables	2 786	2 362
Interest bearing liabilities	1 134	898
Tax liabilities	297	309
Other provisions and liabilities	810	1 100
Total current liabilities	5 027	4 669
Non-current liabilities		
Payables	177	195
Interest bearing liabilities	5 453	6 426
Deferred tax liabilities	1 053	1 434
Other provisions and liabilities	4 044	3 312
Total non-current liabilities	10 727	11 367
Total liabilities	4 15 754	16 036
Net assets	15 425	12 839
Equity		
Contributed equity – BHP Billiton Limited	1 851	1 785
Called up share capital – BHP Billiton Plc	1 752	1 732
Reserves	547	440
Retained profits	10 928	8 558
Total BHP Billiton interest	15 078	12 515
Outside equity interests	347	324
Total equity	15 425	12 839

^(a) Financial information for 2004 and 2003 represents the financial position of the BHP Billiton Group (Refer 'Dual Listed Companies Structure and Basis of Preparation of Financial Statements').

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	2004 US\$M ^(a)	2003 US\$M ^(a)
Cash flows related to operating activities		
Receipts from customers	23 372	15 415
Payments in the course of operations	(16 671)	(10 617)
Dividends received	238	212
Interest received	78	36
Borrowing costs (includes capitalised interest)	(370)	(411)
Operating cash flows before income tax	6 647	4 635
Income taxes paid	(1 337)	(1 002)
Net operating cash flows	5 310	3 633
Cash flows related to investing activities		
Purchases of property, plant and equipment	(2 589)	(2 571)
Exploration expenditure (includes capitalised exploration)	(454)	(348)
Purchases of investments and funding of joint ventures	(35)	(95)
Investing cash outflows	(3 078)	(3 014)
Proceeds from sale of property, plant and equipment	157	99
Proceeds from sale or redemption of investments	89	560
Proceeds from demerger, sale or partial sale of controlled entities, joint venture and associated entities' interests net of their cash	179	405
Net investing cash flows	(2 653)	(1 950)
Cash flows related to financing activities		
Proceeds from ordinary share issues	76	172
Proceeds from interest bearing liabilities	375	3 698
Repayment of interest bearing liabilities	(1 336)	(4 121)
Purchase of shares by ESOP trusts	(25)	(6)
Purchase of shares under Share Buy-Back program	-	(20)
Dividends paid	(1 501)	(830)
Dividends paid to outside equity interests	(75)	(38)
Other	(9)	1
Net financing cash flows	(2 495)	(1 144)
Net increase in cash and cash equivalents	162	539
Cash and cash equivalents at beginning of period	1 531	990
Effect of foreign currency exchange rate changes on cash and cash equivalents	(8)	2
Cash and cash equivalents at end of period	1 685	1 531

^(a) Financial information for 2004 and 2003 represents the financial performance of the BHP Billiton Group (Refer 'Dual Listed Companies Structure and Basis of Preparation of Financial Statements').

The accompanying notes form part of these financial statements.

DUAL LISTED COMPANIES STRUCTURE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Merger terms

On 29 June 2001, BHP Billiton Limited (previously known as BHP Limited), an Australian listed company, and BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, entered into a Dual Listed Companies (DLC) merger. This was effected by contractual arrangements between the Companies and amendments to their constitutional documents.

The effect of the DLC merger is that BHP Billiton Limited and its subsidiaries (the BHP Billiton Limited Group) and BHP Billiton Plc and its subsidiaries (the BHP Billiton Plc Group) operate together as a single economic entity (the BHP Billiton Group), with neither assuming a dominant role. Under the arrangements:

- the shareholders of BHP Billiton Limited and BHP Billiton Plc have a common economic interest in both Groups;
- the shareholders of BHP Billiton Limited and BHP Billiton Plc take key decisions, including the election of Directors, through a joint electoral procedure under which the shareholders of the two Companies effectively vote on a joint basis;
- BHP Billiton Limited and BHP Billiton Plc have a common Board of Directors, a unified management structure and joint objectives;
- dividends and capital distributions made by the two Companies are equalised; and
- BHP Billiton Limited and BHP Billiton Plc each executed a deed poll guarantee, guaranteeing (subject to certain exceptions) the contractual obligations (whether actual or contingent, primary or secondary) of the other incurred after 29 June 2001 together with specified obligations existing at that date.

If either BHP Billiton Limited or BHP Billiton Plc proposes to pay a dividend to its shareholders, then the other Company must pay a matching cash dividend of an equivalent amount per share to its shareholders. If either Company is prohibited by law or is otherwise unable to declare, pay or otherwise make all or any portion of such a matching dividend, then BHP Billiton Limited or BHP Billiton Plc will, so far as it is practicable to do so, enter into such transactions with each other as the Boards agree to be necessary or desirable so as to enable both Companies to pay dividends as nearly as practicable at the same time.

The DLC merger did not involve the change of legal ownership of any assets of BHP Billiton Limited or BHP Billiton Plc, any change of ownership of any existing shares or securities of BHP Billiton Limited or BHP Billiton Plc, the issue of any shares or securities or any payment by way of consideration, save for the issue by each Company of one special voting share to a trustee company which is the means by which the joint electoral procedure is operated. In addition, to achieve a position where the economic and voting interests of one share in BHP Billiton Limited and one share in BHP Billiton Plc were identical, BHP Billiton Limited made a bonus issue of ordinary shares to the holders of its ordinary shares.

Treatment of the DLC merger for accounting purposes

In accordance with the Australian Securities and Investments Commission (ASIC) Practice Note 71 'Financial Reporting by Australian Entities in Dual-Listed Company Arrangements', and an order issued by ASIC under section 340 of the Corporations Act 2001 on 2 September 2002, this annual financial report presents the financial results of the BHP Billiton Group as follows:

- Results for the years ended 30 June 2004 and 30 June 2003 are of the combined entity including both BHP Billiton Limited and its subsidiary companies and BHP Billiton Plc and its subsidiary companies; and,
- Results are presented in US dollars unless otherwise stated.

1(a) Statement of accounting policies

The concise financial report complies with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. The financial statements and specific disclosures included in the concise financial report have been derived from the financial report of the BHP Billiton Group for the year ended 30 June 2004 as provided in the 'BHP Billiton Limited Annual Report 2004 – Combined Financial Statements'.

The concise financial report does not and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the BHP Billiton Group as the 'BHP Billiton Limited Annual Report 2004 – Combined Financial Statements'.

A full description of the accounting policies adopted by the BHP Billiton Group is provided in the 'BHP Billiton Limited Annual Report 2004 – Combined Financial Statements'.

Principles of consolidation

The financial report of the BHP Billiton Group includes the combination of BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries. Subsidiaries are entities controlled by either parent entity. Control generally exists where the parent owns a majority of voting rights in the subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Where the BHP Billiton Group's interest is less than 100 per cent, the share attributable to outside shareholders is reflected in outside equity interests. The effects of all transactions between entities within the BHP Billiton Group have been eliminated.

Change in accounting policy

The accounting policies have been consistently applied by all entities in the BHP Billiton Group and are consistent with those applied in the prior year, except for the following:

Employee share awards

Effective 1 July 2003, the BHP Billiton Group changed its accounting policy for employee share awards.

Under the revised accounting policy, the estimated cost of share awards made by the BHP Billiton Group is charged to profit over the period from grant date to the date of expected vesting (where there are no performance hurdles) or the performance period, as appropriate. The accrued employee entitlement is recorded as an equal credit to the Employee Share Awards reserve. The estimated cost of awards is based on the market value of shares at the grant date (in the case of Group Incentive Scheme Performance Shares, Performance Rights, the Bonus Equity Plan, the Restricted Share Scheme and Co-Investment Plan) or the intrinsic value of options awarded (being the difference between the exercise price and the market price at the date of granting the award), adjusted to reflect the impact of performance conditions, where applicable. Where awards are satisfied by on-market purchases, the cost of acquiring the shares is carried in the Employee Share Awards reserve, and any difference between the cost of awards and the consideration paid to purchase shares on-market is transferred to retained earnings when the shares vest to the employees unconditionally. In addition, the assets and liabilities of Employee Share Ownership Plan (ESOP) trusts utilised by the BHP Billiton Group to hold shares for employee remuneration schemes are consolidated.

In prior years, the estimated cost of share awards was initially charged to profit and recorded as a provision using the market value of shares at the grant date. Where share awards were satisfied by on-market purchases, the cost was subsequently adjusted to the actual consideration for shares purchased. Further, shares in BHP Billiton held by the ESOP trusts were shown as other financial assets.

The effects of the accounting policy change on the financial statements for the year ended 30 June 2004 are as follows:

- As at 1 July 2003, the employee share awards reserve increased by US\$84 million representing the reclassification from provisions to retained earnings for the accrued employee entitlement on unvested share awards and decreased by US\$6 million representing the reclassification from other financial assets of shares held by ESOP trusts; and
- Net profit increased by US\$12 million representing costs no longer recognised for the excess consideration paid to purchase shares on market (US\$8 million) and the foreign currency translation of the accrued cost of unvested awards now recorded in shareholders' equity (US\$4 million).

The cumulative impact on the Statement of Financial Performance in prior periods is immaterial. For comparative purposes the relevant items in the Statement of Financial Position as at 30 June 2003 have been reclassified.

The accounting policy change in respect of the consideration paid to purchase shares on-market and to include shares held by ESOP trusts in shareholders' equity better represents the nature of the transactions involved, that is, a share buy-back by the Group and a separate issue of shares to employees to satisfy the exercise of share awards. This also aligns the amount of expense recorded in the Statement of Financial Performance for share awards, irrespective of whether the Group satisfies awards through a new share issue or on-market purchase.

Tax consolidation

During the year, the Group has elected to consolidate its Australian subsidiaries under the Australian tax consolidation regime, as introduced by the Australian Federal Government.

As a consequence, and in accordance with Urgent Issues Group Abstract 52, the head entity in each of the tax consolidated groups recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in that group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising from its own transactions, events and balances. Entities within a tax consolidated group enter into a tax sharing agreement and tax contribution agreement with the head entity of each tax consolidated group. Amounts receivable or payable under a tax sharing and contribution agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax contribution agreement are recognised as a component of income tax expense (revenue).

Upon initial recognition, the deferred tax balances in relation to wholly-owned entities joining each tax consolidated group are measured as if it were a stand alone entity and essentially this method of calculating the contribution requires calculation of the tax as if the entity had not been a member of the tax consolidated group, with one exception. The deferred tax balances relating to assets that have their tax values reset on joining a tax consolidated group are remeasured based on the carrying amount of those assets at a tax consolidated group level and their reset

1(a) Statement of accounting policies continued

tax values. The remeasurement adjustments to these deferred tax balances are recognised in the consolidated financial statements as income tax expense or revenue. The impact on the income tax expense for the year is disclosed in note 2.

Currency of presentation

All amounts are expressed in US dollars unless otherwise stated.

Rounding of amounts

Amounts in this concise financial report have, unless otherwise indicated, been rounded to the nearest million dollars.

Comparatives

Where applicable, comparatives have been adjusted to disclose them on a comparable basis with current period figures.

Exchange rates

The following exchange rates against the US dollar have been utilised in these concise financial statements:

	Average 2004	Average 2003	As at 30 June 2004	As at 30 June 2003
Australian dollar ^(a)	0.71	0.58	0.69	0.67
Brazilian real	2.94	3.31	3.11	2.88
Canadian dollar	1.35	1.51	1.35	1.35
Chilean peso	634	718	637	697
Colombian peso	2 779	2 804	2 699	2 818
South African rand	6.89	9.03	6.27	7.50
Euro	0.84	0.96	0.83	0.87
UK pound sterling	0.58	0.63	0.56	0.61

^(a) Displayed as US\$ to A\$1 based on common convention.

1(b) Impact of International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the Group must comply with Australian Accounting Standards that have been revised to satisfy the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Group's DLC structure results in two parent entities with their own statutory reporting obligations, one in Australia and the other in the UK. While Australia and the United Kingdom are currently moving to an IFRS based financial reporting regime in the same time frame, this structure creates unique IFRS implementation issues, for example:

- (i) the Australian Accounting Standards Board has approved IFRS based standards which mandate particular policies that are optional (and unlikely to become general practice) in the UK; and
- (ii) there is a risk that further changes in IFRS prior to 30 June 2006 will attract inconsistent early adoption rules between the two jurisdictions.

Accordingly, significant uncertainty remains as to the likely impact of IFRS on the Group's financial statements.

Management of IFRS implementation

The Group has established a formal project, monitored by a steering committee, to manage the transition to IFRS reporting. Regular updates are also provided to the Board Risk Management and Audit Committee. The implementation project consists of three phases:

- (i) *Scoping and impact analysis* – Project scoping and impact analysis was substantially complete by 30 June 2004 and produced a high-level view of potential differences to existing accounting and reporting policies and consequential changes to information systems and business processes.
- (ii) *Evaluation and design phase* – This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The evaluation and design phase is well advanced at 30 June 2004 and the Group will continue to evaluate the impact of IFRS through to implementation.
- (iii) *Implementation and review phase* – The implementation and review phase has commenced and includes substantial training programs across the Group's finance staff, execution of changes to information systems and business processes, and completing formal authorisation processes to approve recommended accounting policy changes. It will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, embedding of IFRS in business processes, elimination of any unnecessary data collection processes and Board approval of IFRS financial statements. Implementation also involves delivery of further training to staff as revised systems begin to take effect. This phase commenced at the beginning of the 2004 calendar year and is not expected to be complete until 30 June 2005.

Key differences in accounting policies

This financial report has been prepared in accordance with Australian accounting standards and other Australian financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Group's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences (significant or not) between Australian GAAP and IFRS.

The Group has not quantified the effects of the differences described below. The regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Australian GAAP and IFRS and their impact on the Group's financial reports in future years. The future impact of IFRS will also depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to IFRS on the Group identified to date are as follows:

- All derivative financial instruments must be recognised in the Statement of Financial Position and measured at fair value. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied. These changes may impact the manner in which the Group executes risk mitigation strategies through derivatives and their consequent accounting.
- Income tax will be calculated using the 'balance sheet liability' approach, which recognises deferred tax assets and liabilities by reference to differences between the accounting and tax values of balance sheet items, rather than accounting and tax values of items recognised in profit and loss. This approach has the potential to give rise to a wider range of deferred tax assets and liabilities and an increase in the volatility of deferred tax balances brought about by foreign exchange rate movements.
- The cost of employee compensation provided in the form of equity-based compensation (including shares and options) will be measured based on the fair value of those instruments, rather than their intrinsic value, and accrued over the period of employee service. This is likely to change the total amount of compensation cost and the pattern of cost recognition.
- Defined benefit pension plan and medical benefit plan arrangements will result in the recognition of net assets or liabilities directly based on the underlying obligations and assets of those plans. The recognised net asset or liability will be subject to changes in value that may be more volatile than changes in assets and liabilities currently recognised under Group policy. Changes in the net asset or liability of these plans will be recognised directly in profit and loss as they occur.

Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

2 Significant items

Individually significant items (before outside equity interests) included within the BHP Billiton Group net profit are detailed below.

Year ended 30 June 2004	Gross US\$M	Tax US\$M	Net US\$M
Significant items by category			
Introduction of tax consolidation regime in Australia	–	267	267
Litigation settlement	66	(18)	48
US and Canadian taxation deductions	–	238	238
Closure plans	(534)	22	(512)
Total by category	(468)	509	41
Significant items by Customer Sector Group			
Petroleum	66	(18)	48
Base Metals	(482)	11	(471)
Stainless Steel Materials	(10)	3	(7)
Group and unallocated items	(42)	513	471
Total by Customer Sector Group	(468)	509	41

Introduction of tax consolidation regime in Australia

During the year ended 30 June 2004 BHP Billiton elected to consolidate its Australian subsidiaries under the Australian tax consolidation regime, as introduced by the Australian Federal Government. Under the transitional rules, the Group has chosen to reset the tax cost base of certain depreciable assets which will result in additional tax depreciation over the lives of these assets. This has resulted in the restatement of deferred tax balances and a tax benefit of US\$267 million being recorded in accordance with Urgent Issues Group Abstract 52. The BHP Billiton Limited Interim Report noted that BHP Billiton made the election to consolidate and, as a result, the Group recorded a tax benefit of US\$207 million as at 31 December 2003. As a result of recent pronouncements by the Australian government and taxation authority on the Australian tax consolidation regime, and revision of estimates, an additional benefit of US\$60 million has since been recorded for the year ended 30 June 2004.

Litigation settlement

In December 2003, BHP Billiton announced that it was part of a consortium that had reached a settlement with Dalmine SpA with respect to a claim brought against Dalmine in April 1998. The claim followed the failure of an underwater pipeline installed in 1994 in the Liverpool Bay area of the UK continental shelf. As a result of the settlement, BHP Billiton has recorded a gain of US\$66 million, before tax expense of US\$18 million.

US and Canadian taxation deductions

During the year ended 30 June 2004, the level of certainty regarding potential benefits arising from prior period taxation deductions and foreign tax credits available in the US and Canada has increased to the extent that some of the provisions against deferred tax assets established in prior years are no longer necessary. This is a result of higher income generation, changes in legislation and effective utilisation of tax credits during the year, along with increasing confidence regarding the ability to realise benefits in the future. Accordingly, the Group has recorded a tax benefit of US\$238 million.

Closure plans

During the year ended 30 June 2004, the Group refined its plans in relation to certain closed operations. In relation to the Group's Southwest Copper business in the US, this resulted in a charge of US\$425 million resulting from a re-estimation of short-term closure costs and the inclusion of residual risks, longer-term water management and other costs, and an increase in the residual value of certain assets. Additionally, at other closed sites, a charge of US\$109 million (before a tax benefit of US\$22 million) was recorded, mainly in relation to the Island Copper mine, the Newcastle steelworks and the Selbaie copper mine. Accordingly, the Group has recorded a net after-tax loss of US\$512 million.

2 Significant items continued

Year ended 30 June 2003	Gross US\$M	Tax US\$M	Net US\$M
Significant items by category			
Loss on sale of 6% interest in BHP Steel	(19)	–	(19)
Total by category	(19)	–	(19)
Significant items by Customer Sector Group			
Discontinued Operations	(19)	–	(19)
Total by Customer Sector Group	(19)	–	(19)

Loss on sale of 6% interest in BHP Steel

Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. A 6 per cent interest in BHP Steel was retained by the Group upon demerger of the Group's Steel business. This was sold in July 2002 for US\$75 million and the loss of US\$19 million associated with this sale was recognised in the year ended 30 June 2003.

3 Remuneration of auditors

	2004 US\$M	2003 US\$M
Audit fees payable by the BHP Billiton Group to:		
Auditors of the BHP Billiton Group (a)		
KPMG	7.751	3.443
PricewaterhouseCoopers	0.537	4.055
Other audit firms (a)(b)	–	0.990
Total audit fees	8.288	8.488
Fees payable by the BHP Billiton Group to auditors for other services		
Auditors of the BHP Billiton Group		
Audit related services (c)		
KPMG	0.354	0.598
PricewaterhouseCoopers (a)	–	1.548
Information systems design and implementation (d)		
KPMG	–	0.720
Taxation services (e)		
KPMG	1.525	1.994
PricewaterhouseCoopers (a)	–	1.288
Other services (f)		
KPMG	0.313	0.596
PricewaterhouseCoopers (a)	–	0.138
Other audit firms		
Other services (a)	–	1.407
Total other services	2.192	8.289
Total fees	10.480	16.777

(a) During the year ended 30 June 2004, the BHP Billiton Group completed a review of its joint external audit services and resolved that the audit could be more efficiently undertaken by a single audit firm. As a result of this review, KPMG was selected to continue as sole auditor. In addition to the audit fee disclosed above, PricewaterhouseCoopers received US\$0.418 million in relation to other services.

(b) Audited by auditors other than those that were joint Group auditors of the BHP Billiton Group.

(c) Mainly includes accounting advice, due diligence services and services associated with securities offerings. For the year ended 30 June 2004, audit fees of US\$0.252 million (2003: US\$0.248 million) relating to pension plans, which are not directly payable by the BHP Billiton Group, have been excluded from the above analysis.

(d) Relates to legacy contracts entered into with the former consulting arm of the audit firm before they were disposed.

(e) Mainly includes tax compliance services and employee expatriate taxation services.

(f) Mainly includes human resources services and pension advisory services.

4 Segment results

The BHP Billiton Group has grouped its major operating assets into the following Customer Sector Groups (CSGs):

- Petroleum (exploration for and production, processing and marketing of hydrocarbons including oil, gas and LNG);
- Aluminium (exploration for and mining of bauxite, processing and marketing of aluminium and alumina);
- Base Metals (exploration for and mining, processing and marketing of copper, silver, zinc, lead and copper by-products including gold);
- Carbon Steel Materials (exploration for and mining, processing and marketing of coking coal, iron ore and manganese);
- Diamonds and Specialty Products (EKATI diamond mine, titanium operations, metals distribution activities and exploration, and technology activities);
- Energy Coal (exploration for and mining, processing and marketing of steaming coal); and
- Stainless Steel Materials (exploration for and mining, processing and marketing of chrome and nickel).

Net unallocated interest represents the charge to profit of debt funding to the BHP Billiton Group.

Group and unallocated items represent Group centre functions and certain comparative data for divested assets and investments.

It is the Group's policy that inter-segment sales are made on a commercial basis.

Industry segment information

US\$ million	External revenue	Inter-segment revenue	Share of net profit of equity accounted investments	Profit before tax ^{(a)(b)}	Gross segment assets	Gross segment liabilities	Depreciation and amortisation	Other non-cash items	Capital expenditure ^(c)	Carrying value of equity accounted investments
Year ended 30 June 2004										
Petroleum	5 686	50	–	1 456	6 764	2 800	587	(55)	927	98
Aluminium	4 463	–	–	765	6 233	949	246	–	272	–
Base Metals	3 080	–	45	614	5 322	2 856	255	482	215	212
Carbon Steel Materials	4 640	7	78	1 110	4 450	1 659	230	2	662	286
Diamonds and Specialty Products	698	22	19	321	1 510	521	125	29	188	250
Energy Coal	2 351	–	85	186	3 192	1 186	207	67	141	519
Stainless Steel Materials	1 782	–	–	555	2 190	538	108	14	151	4
Group and unallocated items ^(d)	730	1 071	(4)	(231)	1 518	5 245	35	141	33	–
	23 430	1 150	223	4 776	31 179	15 754	1 793	680	2 589	1 369
Net unallocated interest	83			(407)				215		
BHP Billiton Group	23 513	1 150	223	4 369	31 179	15 754	1 793	895	2 589	1 369
Year ended 30 June 2003										
Petroleum	3 334	4	–	1 178	5 164	2 207	549	50	861	73
Aluminium	3 401	–	–	569	5 976	936	245	–	462	–
Base Metals	1 757	–	20	245	4 423	1 133	257	(2)	201	262
Carbon Steel Materials	3 474	26	57	1 018	3 793	1 562	196	7	479	299
Diamonds and Specialty Products	469	11	59	185	1 455	362	107	–	101	277
Energy Coal	1 901	–	27	162	3 185	1 120	194	2	300	488
Stainless Steel Materials	1 105	–	1	145	2 077	426	102	10	121	4
Group and unallocated items ^(d)	966	465	–	(256)	2 802	8 290	39	76	46	–
	16 407	506	164	3 246	28 875	16 036	1 689	143	2 571	1 403
Discontinued Operations	75			(19)						
Net unallocated interest	67			(444)				212		
BHP Billiton Group	16 549	506	164	2 783	28 875	16 036	1 689	355	2 571	1 403

(a) Before outside equity interests.

(b) Excludes income tax expense for BHP Billiton Group of US\$870 million (2003: US\$883 million), which results in a net profit after income tax expense of US\$3 499 million (2003: US\$1 900 million).

(c) Excluding investment expenditure, capitalised borrowing costs and capitalised exploration.

(d) Includes consolidation adjustments.

4 Segment results continued

Geographical segment information

US\$ million	External revenue by location of customer	Gross segment assets	Capital expenditure
Year ended 30 June 2004			
Australia	2 026	10 027	1 228
North America	1 880	4 292	621
Europe	8 638	3 611	53
South America	727	6 581	238
Southern Africa	1 381	5 576	341
Japan	2 675	–	–
South Korea	1 538	–	–
China	2 239	–	–
Other Asia	1 512	–	–
Rest of World	897	1 092	108
BHP Billiton Group	23 513	31 179	2 589
Year ended 30 June 2003			
Australia	2 002	9 664	1 031
North America	1 707	3 579	451
Europe	5 166	2 886	69
South America	828	6 444	219
Southern Africa	951	5 428	570
Japan	2 269	–	–
South Korea	1 149	–	–
China	1 069	–	–
Other Asia	1 096	–	–
Rest of World	312	874	231
BHP Billiton Group	16 549	28 875	2 571

5 Dividends

	2004 US\$M	2003 US\$M
BHP Billiton Limited ^(a)		
Dividends declared ^(b)	–	280
Dividends paid ^(c)	619	262
	619	542
BHP Billiton Plc ^(a)		
Dividends declared ^(b)	–	185
Dividends paid		
Ordinary shares ^(c)	406	173
Preference shares ^(d)	–	–
	406	358
Total dividends paid or payable	1 025	900
	2004 US cents	2003 US cents
Dividends per share ^(a)		
First interim dividend paid	8.0	7.0
Second interim dividend paid	8.5	–
Final dividend declared ^(b)	9.5	7.5
	26.0	14.5

Dividends are stated net of amounts which are not payable outside the BHP Billiton Group under the terms of the share repurchase scheme and ESOP trusts.

- (a) BHP Billiton Limited dividends per American Depositary Share (ADS) for 2004 were 52.0 US cents per share (2003: 29.0 US cents per share). BHP Billiton Plc dividends per ADS for 2004 were 52.0 US cents per share. BHP Billiton Plc ADSs listed on the New York Stock Exchange on 25 June 2003. As the listing was subsequent to the record date for the final 2003 dividend, no dividends per BHP Billiton Plc ADS were applicable for the 2003 year. For the periods indicated, each ADS represents two ordinary shares.
- (b) Subsequent to year end on 18 August 2004 BHP Billiton declared a final dividend of 9.5 US cents per share fully franked (2003: 7.5 US cents per share declared prior to year end) which will be paid on 22 September 2004. The final dividend has not been provided for at 30 June 2004.
- (c) 2004 includes a first interim dividend paid of 8.0 US cents fully franked per share (2003: 7.0 US cents fully franked per share) and a second interim dividend paid of 8.5 US cents fully franked per share (2003: nil).
- (d) 5.5 per cent dividend on 50 000 preference shares of £1 each (2003: 5.5 per cent).

For the purposes of AASB 1034 'Financial Reports Presentation and Disclosures', the Group had an adjusted franking account balance of US\$468 million (on a tax paid basis) at 30 June 2004. It is anticipated that dividends payable in the following year will be fully franked.

From 1 July 2002, the Australian Income Tax Assessment Act 1997 requires measurement of franking credits based on the amount of income tax paid, rather than after tax profits. As a result, the franking credits available were converted from US\$591 million to US\$253 million as at 1 July 2002. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

6 Earnings per share

	2004	2003
Basic earnings per share (US cents)	54.7	30.0
Diluted earnings per share (US cents)	54.5	29.9
Basic earnings per American Depositary Share (ADS) (US cents) ^(a)	109.4	60.0
Diluted earnings per American Depositary Share (ADS) (US cents) ^(a)	109.0	59.8
Earnings (US\$ million) ^(b)	3 403	1 860

The weighted average number of shares used for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

	2004 Million	2003 Million
Weighted average number of shares		
Basic earnings per share denominator	6 218	6 207
Shares and options contingently issuable under employee share ownership plans	28	15
Diluted earnings per share denominator	6 246	6 222

^(a) For the periods indicated, each ADS represents two ordinary shares.

^(b) Represents basic and diluted earnings.

7 Directors' disclosures

A number of Directors or former Directors of BHP Billiton hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. One of those entities, Wesfarmers (Group) Limited, is considered to be a personally-related entity of M A Chaney. This company provided products and services totalling US\$18.698 million (2003: US\$5.015 million) to the Group in the financial year, in accordance with normal commercial terms and conditions. At 30 June 2004, the Group owed US\$0.492 million.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of BHP Billiton Limited, the Directors declare that the concise financial report of the BHP Billiton Group for the year ended 30 June 2004, set out on pages 73 to 85:

- (a) has been derived from or is consistent with the full financial report for the financial year; and,
- (b) complies with the Accounting Standard AASB 1039 'Concise Financial Reports'.

In the 2004 full financial report we declared that:

- (a) The financial statements and notes comply with the Corporations Act 2001 and:
 - (i) comply with applicable Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position of the BHP Billiton Group as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the year ended 30 June 2004; and
- (b) In the Directors' opinion:
 - (i) the financial statements and notes are in accordance with the Corporations Act 2001; and
 - (ii) there are reasonable grounds to believe that BHP Billiton Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



D R Argus – Chairman



C W Goodyear – Chief Executive Officer

Dated in Melbourne this 1st day of September 2004

INDEPENDENT AUDIT REPORT ON CONCISE FINANCIAL REPORT

TO THE MEMBERS OF BHP BILLITON LIMITED

Scope

The financial report and Directors' responsibility

The concise financial report comprises the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, discussion and analysis of and notes to the financial statements for the BHP Billiton Group, comprising both BHP Billiton Limited ('the Company') and BHP Billiton Plc, and the entities they controlled during the year, for the year ended 30 June 2004.

The Directors of the Company are responsible for the preparation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 'Concise Financial Reports'. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

We conducted an independent audit in order to express an opinion to members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected. We have also performed an independent audit of the full financial report of the BHP Billiton Group for the year ended 30 June 2004. Our audit report on the full financial report was signed on 1 September 2004, and was not subject to any qualification.

We performed procedures in respect of the audit of the concise financial report to assess whether, in all material respects, the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039 'Concise Financial Reports'.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report; and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures, which were not directly derived from the full financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the concise financial report of the BHP Billiton Group for the year ended 30 June 2004 complies with Australian Accounting Standard AASB 1039 'Concise Financial Reports'.

KPMG

William J Stevens
Partner

Melbourne
1 September 2004

SUPPLEMENTARY INFORMATION FOR US SHAREHOLDERS

The financial statements in this concise financial report of the BHP Billiton Group are prepared in accordance with Australian Generally Accepted Accounting Principles (GAAP). Material differences between GAAP as followed by the BHP Billiton Group in Australia and those accepted generally in the US (US GAAP) are presented below.

On 29 June 2001, BHP Billiton Plc (formerly Billiton Plc) consummated the Dual Listed Companies ('DLC') merger with BHP Billiton Limited (formerly BHP Limited). A description of the DLC merger structure is provided in 'Dual Listed Companies Structure and Basis of Preparation of Financial Statements'. In accordance with Australian GAAP, the assets, liabilities and equity of the BHP Billiton Plc Group and of the BHP Billiton Limited Group are combined at their respective book values as at the date of consummation of the merger.

Under US GAAP the DLC merger is accounted for as a purchase business combination with the BHP Billiton Limited Group acquiring the BHP Billiton Plc Group. The BHP Billiton Limited Group has been identified as the acquirer because of the majority ownership interest of BHP Billiton Limited shareholders in the DLC structure. Under US GAAP, the

reconciliation of shareholders' equity includes the purchase adjustments required under US GAAP to recognise the BHP Billiton Plc Group assets and liabilities at their fair values, with the excess recorded as goodwill.

A full description of the nature of the reconciliation, together with detailed explanation of the estimated adjustments, is provided in the 'BHP Billiton Plc Annual Report 2004' (which is prepared in accordance with UK GAAP), or in the 2004 Annual Report of BHP Billiton Limited which will be filed on Form 20-F with the US Securities and Exchange Commission. The 'BHP Billiton Plc Annual Report 2004' and the 2004 Form 20-F will be provided to shareholders on request and free of charge and will be available on the BHP Billiton Group's website www.bhpbilliton.com.

The following is a summary of the estimated adjustments to net income for the years ended 30 June 2004 and 2003 that would be required if US GAAP had been applied instead of Australian GAAP. Certain items in the comparative periods have been reclassified to conform to current period disclosures.

	2004 US\$M	2003 US\$M
Reconciliation of net income		
Net profit attributable to members in the consolidated Statement of Financial Performance under Australian GAAP:	3 403	1860
<i>Add</i> Goodwill amortisation under Australian GAAP previously taken directly to reserves under UK GAAP	41	41
<i>Add</i> Prior year tax losses not recognised under Australian GAAP	100	–
<i>Deduct</i> Australian Tax Consolidation tax cost base reset recognised in full under Australian GAAP	(165)	–
Net profit of BHP Billiton Group under UK GAAP	3 379	1 901
<i>add/(deduct)</i>		
<i>Estimated adjustment required to accord with US GAAP:</i>		
Fair value adjustment on acquisition of BHP Billiton Plc Group – depreciation, amortisation, impairments and other asset movements	(702)	(181)
Employee compensation costs	53	31
Write-down of assets	–	8
Depreciation – write-downs	(6)	(2)
Depreciation – revaluations	5	5
Depreciation – reserves	(9)	(3)
Fair value accounting for derivatives	(281)	(23)
Synthetic debt	(11)	(20)
Exploration, evaluation and development expenditure	(64)	9
Start-up costs	(12)	3
Pension plans	(4)	(24)
Other post-retirement benefits	(6)	5
Mozal expansion rights	33	6
Employee Share Plan loans	(3)	(8)
Goodwill	(1)	2
Profit on asset sales	1	2
BHP Steel demerger	–	17
Restructuring and employee provisions	–	(11)
Taxation effect of above adjustments	194	118
Other taxation adjustments	150	(254)
Total adjustment	(663)	(320)
Net income of BHP Billiton Group under US GAAP	2 716	1 581

	2004 US\$	2003 US\$
Earnings per share – US GAAP ^{(a)(b)}		
Basic – net income	0.44	0.25
Diluted – net income	0.43	0.25

(a) Based on the weighted average number of shares on issue for the period.

(b) For the periods indicated, each American Depositary Share (ADS) represents two ordinary shares. Therefore the earnings per ADS under US GAAP is a multiple of two from the above earnings per share disclosures.

The following is a summary of the estimated adjustments to shareholders' equity as at 30 June 2004 and 30 June 2003 that would be required if US GAAP had been applied instead of Australian GAAP. Certain items in the comparative period have been reclassified to conform to current period disclosures.

	2004 US\$M	2003 US\$M
Reconciliation of shareholders' equity		
Shareholders' equity attributable to members under Australian GAAP:	15 078	12 515
<i>Deduct</i> Goodwill balance under Australian GAAP previously taken directly to reserves under UK GAAP	(383)	(424)
<i>Add</i> Prior year tax losses not recognised under Australian GAAP	100	–
<i>Deduct</i> Australian Tax Consolidation tax cost base reset recognised in full under Australian GAAP	(165)	–
<i>Deduct</i> Dividends declared subsequent to year end not recognised under Australian GAAP	(592)	–
Shareholders' equity under UK GAAP <i>add/(deduct)</i>	14 038	12 091
<i>Estimated adjustment required to accord with US GAAP:</i>		
Fair value adjustments on acquisition of BHP Billiton Plc Group		
Investments	962	1 000
Property, plant and equipment and undeveloped properties	2 505	2 627
Long-term contracts	36	37
Goodwill	2 633	3 171
Long-term debt	5	8
Write-down of assets	47	53
Property, plant and equipment revaluations	(53)	(58)
Reserves	(27)	(18)
Fair value accounting for derivatives	(43)	166
Synthetic debt	–	11
Exploration, evaluation and development expenditure	(181)	(117)
Start-up costs	(64)	(52)
Pension plans	(273)	(361)
Other post-retirement benefits	(16)	(10)
Mozal expansion rights debtor	–	(33)
Employee Share Plan loans	(64)	(71)
Goodwill	1	2
Profit on asset sales	(17)	(18)
Change in fair value of listed investments	20	11
Dividends	592	–
Taxation effect of fair value adjustment on acquisition of BHP Billiton Plc Group	(1 319)	(1 461)
Taxation effect of all other above adjustments	110	94
Other taxation adjustments	(90)	(240)
Total adjustment	4 764	4 741
Shareholders' equity under US GAAP	18 802	16 832

SHAREHOLDER INFORMATION

Twenty largest shareholders as at 27 August 2004 (as named on the Register of Shareholders)

BHP Billiton Limited			BHP Billiton Plc				
	Number of fully paid shares	% of issued capital		Number of fully paid shares	% of issued capital		
1	Westpac Custodian Nominees Ltd	622 973 774	16.56	1	Plc Nominees Pty Limited	644 484 938	26.11
2	J P Morgan Nominees	550 078 470	14.63	2	Chase Nominees Limited	142 158 962	5.76
3	National Nominees Ltd	439 240 152	11.68	3	HSBC Global Custody Nominee (UK) Ltd <357206 A/C>	63 370 193	2.57
4	Citicorp Nominees Pty Ltd	237 253 441	6.31	4	BNY (OCS) Nominees Limited	52 678 144	2.13
5	Australian Mutual Provident Society	129 267 529	3.44	5	State Street Nominees Limited <OM02 A/C>	44 291 191	1.79
6	ANZ Nominees Ltd	107 559 543	2.86	6	Chase Nominees Limited <LEND A/C>	44 098 642	1.79
7	Queensland Investment Corporation	70 961 296	1.89	7	The Bank of New York (Nominees) Limited	43 902 465	1.78
8	HSBC Australia Nominees Pty Ltd	34 022 881	0.90	8	Bank of New York (Nominees) <CREST1 A/C>	42 140 300	1.71
9	RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	23 713 089	0.63	9	Mellon Nominees (UK) Limited <BSDTUSD A/C>	38 657 858	1.57
10	RBC Global Services Australia Nominees Pty Ltd	20 623 725	0.55	10	Mellon Nominees (UK) Limited <BSDTABN A/C>	37 271 877	1.51
11	NRMA Group	18 773 706	0.50	11	Nortrust Nominees Limited <SLEND A/C>	37 245 165	1.51
12	Westpac Financial Services Ltd	18 432 503	0.49	12	Nortrust Nominees Limited	34 840 951	1.41
13	Government Superannuation Office <State Super Fund A/C>	18 376 559	0.49	13	James Capel (Nominees) Limited <SPEC A/C>	31 138 004	1.26
14	Commonwealth Superannuation Board of Trustees	16 140 312	0.43	14	Chase Nominees Limited <USRESLD A/C>	30 872 919	1.25
15	Bond Street Custodians Limited	14 950 683	0.40	15	Chase Nominees Limited <SLGDBV A/C>	29 171 288	1.18
16	INVIA Custodian Pty Limited	12 925 097	0.34	16	Chase Nominees Limited <BGILIFEL A/C>	26 547 216	1.08
17	Victorian WorkCover Authority	12 520 806	0.33	17	State Street Nominees Limited <GB01 A/C>	22 450 484	0.91
18	IOOF Investment Management Limited	11 655 075	0.31	18	HSBC Global Custody Nominee (UK) Limited <899877 A/C>	22 277 805	0.90
19	RBC Global Services Australia Nominees Pty Ltd <PIPOOLED A/C>	11 079 252	0.29	19	Vidacos Nominees Limited <FGN A/C>	20 316 766	0.82
20	Australian Foundation Invest	10 968 234	0.29	20	Nutraco Nominees Limited	17 842 925	0.72
		2 381 516 127	63.32			1 425 758 093	57.76

Substantial shareholders

BHP Billiton Limited

Nil.

BHP Billiton Plc

By notices provided the Company's register of substantial shareholdings showed the following interests in 3 per cent or more of the Company's shares:

	Date of notice	Ordinary shares	%
Old Mutual Plc ⁽¹⁾	11 Feb 04	197 616 150	8.01
The Capital Group of Companies ⁽²⁾	2 Jun 04	195 110 685	7.91
Legal & General Investment Management Limited	14 Jun 02	75 230 880	3.05

⁽¹⁾ Old Mutual Life Assurance Company (South Africa) Limited holds 103 654 830 shares representing 4.20 per cent of the total disclosed for Old Mutual Plc group companies.

⁽²⁾ Capital Guardian Trust Company holds 74 009 278 shares representing 3.00 per cent of the total disclosed for The Capital Group of Companies.

Distribution of shareholders and shareholdings as at 27 August 2004

	BHP Billiton Limited				BHP Billiton Plc			
	Shareholders Numbers	%	Shares Numbers	%	Shareholders Numbers	%	Shares Numbers	%
Registered address								
Australia	306 885	94.2	3 675 051 496	97.7	65	0.6	752 592	0.0
New Zealand	9 821	3.0	41 485 847	1.1	12	0.1	40 665	0.0
United Kingdom	4 757	1.5	21 393 137	0.6	9 124	81.6	1 810 825 676	73.4
United States	1 794	0.5	4 485 272	0.1	62	0.6	341 826	0.0
South Africa	43	0.0	123 463	0.0	1 453	13.0	649 556 824	26.3
Other	2 572	0.8	18 585 566	0.5	460	4.1	6 629 419	0.3
Total	325 872	100.0	3 761 124 781	100.0	11 176	100.0	2 468 147 002	100.0

	BHP Billiton Limited				BHP Billiton Plc			
	Shareholders Numbers	%	Shares ⁽¹⁾ Numbers	%	Shareholders Numbers	%	Shares ⁽¹⁾ Numbers	%
Size of holding								
1 – 500 ⁽²⁾	79 771	24.5	21 539 528	0.6	2 678	24.0	615 487	0.0
501 – 1 000	64 177	19.7	51 223 964	1.4	2 270	20.3	1 706 252	0.1
1 001 – 5 000	132 127	40.5	311 476 599	8.3	3 892	34.8	8 340 324	0.3
5 001 – 10 000	26 967	8.3	193 431 552	5.1	596	5.4	4 174 317	0.2
10 001 – 25 000	16 452	5.1	249 230 499	6.6	428	3.8	6 866 953	0.3
25 001 – 50 000	3 882	1.2	133 509 409	3.5	225	2.0	8 117 592	0.3
50 001 – 100 000	1 568	0.5	107 749 389	2.9	240	2.0	17 326 998	0.7
100 001 – 250 000	646	0.2	93 360 503	2.5	307	2.8	48 183 579	2.0
250 001 – 500 000	133	0.0	44 684 895	1.2	163	1.5	57 823 879	2.3
500 001 – 1 000 000	50	0.0	35 214 587	0.9	150	1.4	106 692 458	4.3
1 000 001 and over	99	0.0	2 519 703 856	67.0	227	2.0	2 208 299 163	89.5
Total	325 872	100.0	3 761 124 781	100.0	11 176	100.0	2 468 147 002	100.0

(1) One share entitles the shareholder to one vote.

(2) Number of BHP Billiton Limited shareholders holding less than a marketable parcel (A\$500) based on the market price of A\$13.33 as at 27 August 2004 was 6 820.

	BHP Billiton Limited				BHP Billiton Plc			
	Shareholders Numbers	%	Shares Numbers	%	Shareholders Numbers	%	Shares Numbers	%
Classification of holder								
Corporate	46 814	14.4	2 712 153 862	72.1	5 378	48.1	2 454 480 869	99.5
Private	279 058	85.6	1 048 970 919	27.9	5 798	51.9	13 666 133	0.5
Total	325 872	100.0	3 761 124 781	100.0	11 176	100.0	2 468 147 002	100.0

INFORMATION FOR SHAREHOLDERS

Information for shareholders this year is provided in the 'BHP Billiton Limited Annual Report 2004 – Concise Report' and the 'BHP Billiton Limited Annual Report 2004 – Combined Financial Statements'.

The 'Concise Report' contains key information about the BHP Billiton Group in a concise format. The 'Combined Financial Statements' provides more detailed financial data and information on BHP Billiton Group's performance.

Note: The concise financial statements and its notes cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the BHP Billiton Group as the full financial statements. Both reports will be provided to shareholders on request and free of charge (also refer to 'Access your Annual Report on the web' below).

Dividend payments

Shareholders who currently receive their dividends by cheque should note that dividend payments by direct credit will be mandatory as from the first dividend payable in 2005 for shareholders with registered addresses in Australia, New Zealand, the United Kingdom and the United States. Cash dividends can be paid directly into any bank, building society or credit union for Australian shareholders, any bank or building society for UK shareholders and your nominated bank for shareholders in New Zealand or the United States.

Shareholders with registered addresses outside Australia, New Zealand, the United Kingdom and the United States will receive dividend payments by way of an Australian currency cheque.

When you close or amend your banking arrangements, it is essential you notify the BHP Billiton Limited Share Registry of the new details.

Change of address

It is important that shareholders notify the BHP Billiton Limited Share Registry in writing immediately if there is a change to their registered address. For the protection of shareholders, instructions to BHP Billiton Limited need to be in writing and show the Securityholder Reference Number (SRN). Shareholders on the CHES sub-register should forward the change of address advice to their sponsoring broker quoting the Holder Identification Number (HIN).

Stock exchange listings

BHP Billiton Limited is listed on stock exchanges in Australia, the UK (London), Germany (Frankfurt), Switzerland (Zurich) and the US (New York).

Note: Trading on the New York Stock Exchange is via American Depositary Shares (each representing two Ordinary shares) evidenced by American Depositary Receipts (ADRs) issued by JPMorgan Chase Bank.

The trustees and dividend-paying banks for internationally registered shares are shown on the inside back cover of this report.

Annual General Meeting

The Annual General Meeting of BHP Billiton Limited will be held at 11.00 am (Sydney Time) on Friday 22 October 2004 at the Harbourside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney.

Details of the business of the meeting are contained in the separate Notice of Meeting enclosed with this Annual Report.

Enquiries

Shareholders who wish to contact BHP Billiton Limited on any matter relating to their share or ADR holdings are invited to telephone the appropriate Shareholder Services office listed on the inside back cover of this report.

Shareholders can also access their current shareholding details through the Shareholder Services link located under 'Investor Centre' on BHP Billiton's website www.bhpbilliton.com (you will need your Securityholder Reference Number or Holder Identification Number).

Shareholders in Australia may telephone 1300 656 780 or write to our Share Registry:

Computershare Investor Services Pty Limited
GPO Box 782
Melbourne Victoria 3001
Australia

Access your Annual Report on the web

BHP Billiton Limited offers an alternative for shareholders to be advised of the availability of the Annual Report through the Company's website via an email notification (refer instructions below).

By providing an email address through our website on the internet, shareholders will be notified by an email with a direct link to the Annual Report. Notification of other major BHP Billiton Limited announcements will also be emailed to you.

Email notification

Enter BHP Billiton Limited's website www.bhpbilliton.com and click onto 'Investor Centre' then 'Shareholder Services'. Under the heading 'Check Your Shareholding' click on the link 'Limited Securityholders'. You will be requested to enter your Securityholder Reference Number or Holder Identification Number and postcode or country code. This sign-on requirement is a security access validation prior to entering your email address under 'Electronic Shareholder Communication'.

After confirmation of your email address you will receive notification of the availability of future Annual Reports and other BHP Billiton Limited announcements by email.

CORPORATE DIRECTORY

BHP BILLITON LIMITED REGISTERED OFFICE

Australia

BHP Billiton Limited
BHP Billiton Centre
180 Lonsdale Street
Melbourne VIC 3000
Telephone (61 3) 9609 3333
Facsimile (61 3) 9609 3015

Company Secretary

Karen J Wood

SHAREHOLDER SERVICES

Australia

Principal Register and Share Office
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Postal Address – GPO Box 2975 Melbourne VIC 3001
Telephone 1300 656 780 (within Australia)
(61 3) 9415 4020 (outside Australia)
Facsimile (61 3) 9473 2460
Email enquiries: web.queries@computershare.com.au

New Zealand

Computershare Investor Services Limited
Level 2/159 Hurstmere Road
Takapuna North Shore City
Postal Address – Bag 92119 Auckland 1020
Telephone (64 9) 488 8777
Facsimile (64 9) 488 8787

United Kingdom

The Registrar
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 7NH
Postal Address – PO Box 82 Bristol BS99 7NH
Telephone (44 870) 703 0051
Facsimile (44 870) 703 6103

United States

Computershare Investor Services
2 North LaSalle Street
Chicago, IL 60602
Postal Address – PO Box 0289
Chicago, IL 60690-9569
Telephone 1 800 991 8974 (toll-free within US)
Facsimile (1 312) 461 4331
ADR Depositary, Transfer Agent and Registrar
JPMorgan Chase Bank
Shareholder Services
PO Box 43013
Providence, RI 02940-3013
Telephone (1 781) 575 4328 (outside of US)
1 800 990 1135 (toll-free within US)
Facsimile (1 781) 575 4082
Email: adr@jpmorgan.com

Other details provided to assist shareholders.

Germany

Trustee
Deutsche Boerse Clearing AG
Dividend-paying bank
Deutsche Bank AG

Switzerland

Trustee
SEGA Schweizerrische
Effekten-Giro AG
Dividend-paying bank
UBS AG
Credit Suisse First Boston

BHP BILLITON CORPORATE CENTRES

United Kingdom

Neathouse Place
London SW1V 1BH
Telephone (44 20) 7802 4000
Facsimile (44 20) 7802 4111

South Africa

6 Hollard Street
Johannesburg 2001
Telephone (27 11) 376 9111
Facsimile (27 11) 838 4716

Chile

Avenida Americo Vespucio Sur # 100, 9th Floor
Las Condes
Santiago
Telephone (56 2) 330 5000
Facsimile (56 2) 207 6531

United States

1360 Post Oak Boulevard, Suite 150
Houston, TX 77056-3020
Telephone (1 713) 961 8500
Facsimile (1 713) 961 8400

MARKETING OFFICES

The Netherlands

Verheeskade 25
2521 BE The Hague
Telephone (31 70) 315 6666
Facsimile (31 70) 315 6767

Singapore

168 Robinson Road #10-01
Capital Tower
Singapore 068912
Telephone (65) 6349 3333
Facsimile (65) 6349 4000

Receive your Annual Report electronically.

The BHP Billiton Limited Annual Reports (Concise Report and Combined Financial Statements) are also posted on the internet. Shareholders are encouraged to visit www.bhpbilliton.com to inspect the electronic version of the Annual Report and provide feedback to the Company.

The single parent entity financial statements of BHP Billiton Limited are available on the Company's website (www.bhpbilliton.com) and are available to shareholders on request free of charge.

