

# International Financial Reporting Standards

Draft annual results – Year ended 30 June 2005  
October 2005



**bhpbilliton**

## IFRS for BHP Billiton

- International Financial Reporting Standards (IFRS) become applicable for year ending 30 June 2006
  - First IFRS reporting period is half year ended 31 December 2005 and will include December 2004 comparatives
- As a Dual Listed Company, both Australian and UK IFRS applies, which differs in some areas <sup>1</sup>
  - BHP Billiton will aim to produce one IFRS compliant financial report
- Financial Statements will be prepared in accordance with Australian IFRS, which also complies with UK IFRS
- Supplementary financial information, or alternative financial statements will be prepared in accordance with the Group's preferred policies under UK IFRS

## Disclaimer

The information provided in this presentation is our current best estimate of the consequences for BHP Billiton of adopting International Financial Reporting Standards (IFRS). Consequently the information provided remains subject to change. Continued development and interpretation of accounting standards by relevant authorities, and further work on implementation by BHP Billiton could affect the ultimate differences between UKGAAP, Australian GAAP and IFRS and their impact on the Group's financial results in future periods. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation must not be relied upon as a recommendation or forecast by BHP Billiton.

## Impact of IFRS for BHP Billiton

### Application of IFRS does not impact:

- BHP Billiton's strategy and underlying business operations
- Cash flows, the ability to borrow funds or pay dividends

- Majority of International Financial Reporting Standards will have little or no impact on BHP Billiton results or accounting policies
- Key differences that do occur are:
  - Pension and medical schemes
  - Goodwill
  - Employee share schemes
  - Income tax
  - Dividend provisions
  - Jointly controlled entities
  - Financial Instruments <sup>1</sup>

# Consolidated Income Statement <sup>1</sup>

## Year ended 30 June 2005

US\$million	UKGAAP <sup>2</sup>	Measurement differences <sup>4</sup>				Gross equity acc'g <sup>5</sup>	Other presentation differences <sup>2</sup>	IFRS with consolidated jointly controlled entities <sup>6</sup>	Jointly controlled entities <sup>6</sup>	AIFRS
		Pension & medical schemes	Goodwill/ Fair value adjust's	Income tax	Employee share schemes					
Gross Revenue	31 804					-	(684)	31 120		31 120
Share of JV's	(2 217)					-	62	(2 155)	(2 273)	(4 428)
Group revenue <sup>2</sup>	29 587	-	-	-	-	-	(622)	28 965	(2 273)	26 692
Other income <sup>3</sup>	717	-	33	-	-	-	4	754	3	757
Expenses excluding finance costs	(21 941)	9	(52)	-	56	-	618	(21 310)	742	(20 568)
Income from equity accounted JV's	799	-	-	-	-	(235)	(6)	558	1 229	1 787
<b>EBIT</b>	<b>9 162</b>	<b>9</b>	<b>(19)</b>	<b>-</b>	<b>56</b>	<b>(235)</b>	<b>(6)</b>	<b>8 967</b>	<b>(299)</b>	<b>8 668</b>
Net financing costs	(421)	(17)	-	-	-	38	-	(400)	69	(331)
<b>Profit before tax</b>	<b>8 741</b>	<b>(8)</b>	<b>(19)</b>	<b>-</b>	<b>56</b>	<b>(197)</b>	<b>(6)</b>	<b>8 567</b>	<b>(230)</b>	<b>8 337</b>
Income tax	(2 111)	3	-	(43)	(12)	197	-	(1 966)	230	(1 736)
Profit after tax	6 630	(5)	(19)	(43)	44	-	(6)	6 601	-	6 601
Equity minority interests	(232)	-	-	-	-	-	-	(232)	-	(232)
<b>Net profit</b>	<b>6 398</b>	<b>(5)</b>	<b>(19)</b>	<b>(43)</b>	<b>44</b>	<b>-</b>	<b>(6)</b>	<b>6 369</b>	<b>-</b>	<b>6 369</b>

1. Includes items treated as exceptional under UKGAAP.

2. Refer slide 24 for further information.

3. Other income comprises income from fixed asset investments of US\$37million, profit on sale of fixed assets / operations US\$410 million and other income of US\$270 million (disclosed in net operating costs under UK GAAP). Refer slide 29 for further information.

4. Refer slides 17 to 27 for further information.

5. IFRS does not permit presentation of results for equity accounted investments using the 'gross' method.

6. IFRS with consolidated jointly controlled entities reflects application of proportional consolidation for jointly controlled entities. Refer slide 31 for further information.

# Consolidated Balance Sheet

## As at 30 June 2005

US\$million	UKGAAP	Measurement differences <sup>1</sup>					Liquidity <sup>2</sup>	Other <sup>2</sup>	IFRS with consolidated jointly controlled entities <sup>3</sup>	Jointly controlled entities <sup>3</sup>	AIFRS
		Pension & medical schemes	Goodwill / fair value adjust's	Income tax	Dividend	Employee share schemes					
Current Assets	9 877	-	77	-	-	-	(2 171)	(128)	7 655	(623)	7 032
Non-current Assets	32 071	(218)	1 601	673	-	16	2 171	521	36 835	(935)	35 900
<b>Total Assets</b>	<b>41 948</b>	<b>(218)</b>	<b>1 678</b>	<b>673</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>393</b>	<b>44 490</b>	<b>(1 558)</b>	<b>42 932</b>
Current Liabilities	8 994	-	-	-	(878)	-	(496)	39	7 659	(374)	7 285
Non-current Liabilities	15 465	355	1 732	1 473	-	-	496	-	19 521	(1 184)	18 337
<b>Total Liabilities</b>	<b>24 459</b>	<b>355</b>	<b>1 732</b>	<b>1 473</b>	<b>(878)</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>27 180</b>	<b>(1 558)</b>	<b>25 622</b>
<b>Net Assets</b>	<b>17 489</b>	<b>(573)</b>	<b>(54)</b>	<b>(800)</b>	<b>878</b>	<b>16</b>	<b>-</b>	<b>354</b>	<b>17 310</b>	<b>-</b>	<b>17 310</b>
Minority interests	336	-	-	-	-	-	-	5	341	-	341
<b>Attributable net assets</b>	<b>17 153</b>	<b>(573)</b>	<b>(54)</b>	<b>(800)</b>	<b>878</b>	<b>16</b>	<b>-</b>	<b>349</b>	<b>16 969</b>	<b>-</b>	<b>16 969</b>

<sup>1</sup> Refer slides 17 to 27 for further information.

<sup>2</sup> Refer slide 30 for further detail.

<sup>3</sup> IFRS with consolidated jointly controlled entities reflects application of proportionate consolidation for jointly controlled entities. Refer slide 32 for further information.

# Customer sector group information – 30 June 2005

US\$m	Total revenue			EBIT <sup>1</sup>		
	UKGAAP <sup>2</sup>	IFRS with consolidated jointly controlled entities <sup>3</sup>	AIFRS	UKGAAP	IFRS with consolidated jointly controlled entities <sup>3</sup>	AIFRS
Petroleum	5 967	5 967	5 967	2 020	2 018	2 018
Aluminium	5 265	4 610	4 530	977	972	936
Base Metals	4 488	4 532	2 339	2 147	2 036	1 773
Carbon Steel Materials	7 177	7 169	7 169	2 536	2 497	2 497
Diamonds & Specialty Products	766	766	766	411	374	374
Energy Coal	2 974	2 971	2 971	523	477	477
Stainless Steel Materials	2 266	2 266	2 266	861	859	859
Group & Unallocated	798	798	798	(313)	(266)	(266)
Intersegment adjustment	(114)	(114)	(114)	-	-	-
<b>Total</b>	<b>29 587</b>	<b>28 965</b>	<b>26 692</b>	<b>9 162</b>	<b>8 967</b>	<b>8 668</b>

1 Includes items classified as exceptional under UKGAAP.

2 Excludes share of joint venture and associated entities

3 Supplementary data in future periods will be provided on the basis of IFRS results with consolidated jointly controlled entities.

# Customer sector group EBIT information – 30 June 2005

	Petroleum	Aluminium	Base Metals	Carbon Steel Materials	Diamonds and Specialty Products	Energy Coal	Stainless Steel Materials	Group & Unallocated	BHP Group
<b>UKGAAP</b>	<b>2 020</b>	<b>977</b>	<b>2 147</b>	<b>2 536</b>	<b>411</b>	<b>523</b>	<b>861</b>	<b>(313)</b>	<b>9 162</b>
Pension & Medical Schemes	(2)	(5)	7	(3)	(2)	11	11	(8)	9
Employee Share Schemes	-	-	-	-	-	-	-	56	56
Goodwill / Fair Value Adjustments	-	-	(5)	-	-	-	(16)	2	(19)
Gross Equity Acct'g – Interest & Tax	-	-	(113)	(36)	(35)	(57)	-	-	(241)
Other	-	-	-	-	-	-	3	(3)	-
<b>IFRS with consolidated jointly controlled entities</b>	<b>2 018</b>	<b>972</b>	<b>2 036</b>	<b>2 497</b>	<b>374</b>	<b>477</b>	<b>859</b>	<b>(266)</b>	<b>8 967</b>
Jointly Controlled Entities interest & tax	-	(36)	(263)	-	-	-	-	-	(299)
<b>AIFRS</b>	<b>2 018</b>	<b>936</b>	<b>1 773</b>	<b>2 497</b>	<b>374</b>	<b>477</b>	<b>859</b>	<b>(266)</b>	<b>8 668</b>
<b>Underlying EBIT <sup>1</sup></b>	<b>2 018</b>	<b>972</b>	<b>2 149</b>	<b>2 533</b>	<b>409</b>	<b>534</b>	<b>859</b>	<b>(266)</b>	<b>9 208</b>



# Profit announcement information

US\$m	UK GAAP			AIFRS		
	2005	2004	Change	2005	2004 <sup>4</sup>	Change
Turnover <sup>1</sup>	31 804	24 943	27.5%	31 120	24 502	27.0%
EBITDA <sup>1 2 3</sup>	11 446	7 506	52.5%	10 916	7 059	54.6%
EBIT <sup>1 2 3</sup>	9 330	5 488	70.0%	8 802	5 043	74.5%
Attributable profit (excluding exceptional items) <sup>1</sup>	6 512	3 510	85.5%	6 449	3 882	66.1%
Attributable profit (including exceptional items) <sup>1</sup>	6 398	3 379	89.3%	6 369	3 751	69.8%

1. Including the Group's share of joint ventures.
2. Excluding exceptional items
3. EBIT is earnings before interest and tax. EBITDA is EBIT before depreciation, impairments and amortisation.
4. Estimated and unaudited.

## Other IFRS issues

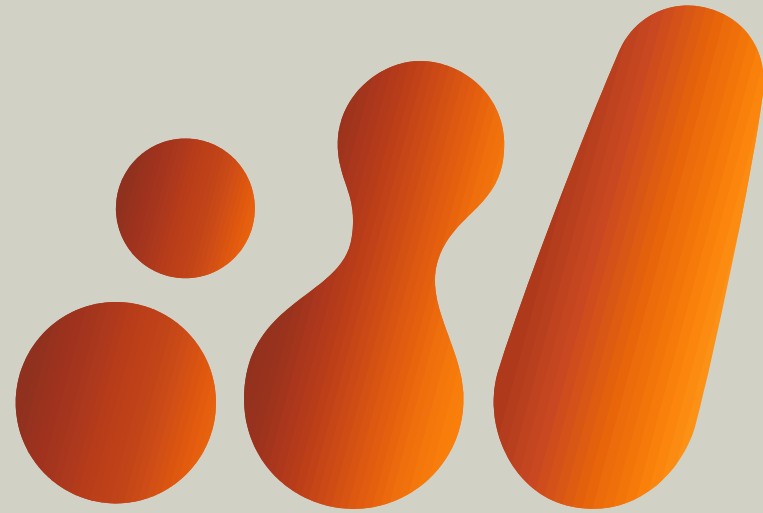
- Resource rent taxes
  - Unresolved matter of interpretation as to whether such items should be treated as income tax
  - Currently treated as operating costs
  - Reclassification and remeasurement as income tax would change fundamentally the effective tax rate
- Deferred tax on acquired mineral rights
  - Divergent views as to whether the tax-deductible amount of an asset such as mineral rights, which is only available for capital gains tax purposes, is relevant in measuring the tax base of the assets that is not expected to generate capital gains income
  - Currently excluding such amounts in the calculation of tax base and consequently recognising deferred tax liabilities on acquired mineral rights that are not depreciable for tax purposes

## IFRS summary

Application of IFRS does not impact:

- BHP Billiton's strategy and underlying business operations
- Cash flows, the ability to borrow funds or pay dividends

- Volatility of earnings
  - Exchange fluctuation exposure related to deferred tax increases
  - Fair value measurement of financial instruments
- For further information, contact investor relations
  - Refer slide 14



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# Appendix



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# Contacts

## Australia

Jane Belcher, Investor Relations  
Tel: +61 3 9609 3952 Mobile: +61 417 031 653  
email: [Jane.H.Belcher@bhpbilliton.com](mailto:Jane.H.Belcher@bhpbilliton.com)

Tania Price, Media Relations  
Tel: +61 3 9609 3815 Mobile: +61 419 152 780  
email: [Tania.Price@bhpbilliton.com](mailto:Tania.Price@bhpbilliton.com)

## United States

Tracey Whitehead, Investor & Media Relations  
Tel: US +1 713 599 6100 or UK +44 20 7802 4031  
email: [Tracey.Whitehead@bhpbilliton.com](mailto:Tracey.Whitehead@bhpbilliton.com)

## United Kingdom

Mark Lidiard, Investor & Media Relations  
Tel: +44 20 7802 4156 Mobile: +44 7769 934 942  
email: [Mark.Lidiard@bhpbilliton.com](mailto:Mark.Lidiard@bhpbilliton.com)

Alison Gilbert, Investor Relations  
Tel: +44 20 7802 4183 Mobile: +44 7769 936 227  
email: [Alison.Gilbert@bhpbilliton.com](mailto:Alison.Gilbert@bhpbilliton.com)

Ariane Gentil, Media Relations  
Tel: +44 20 7802 4177 Mobile: +44 7881 518 715  
email: [Ariane.Gentil@bhpbilliton.com](mailto:Ariane.Gentil@bhpbilliton.com)

## South Africa

Alison Gilbert, Investor Relations  
Tel: +44 20 7802 4183 Mobile: +44 7769 936 227  
email: [Alison.Gilbert@bhpbilliton.com](mailto:Alison.Gilbert@bhpbilliton.com)

# Consolidated Cash Flow Statement

## Year ended 30 June 2005

US\$million	UKGAAP <sup>1</sup>	Jointly controlled entities <sup>2</sup>	AIFRS	US\$million	UKGAAP <sup>1</sup>	Jointly controlled entities <sup>2</sup>	AIFRS
Cash generated from operations	10 628	(1 555)	9 073	Proceeds from issue of ordinary shares	66	-	66
Dividends received <sup>3</sup>	292	710	1 002	Proceeds from interest bearing liabilities <sup>5</sup>	5 754	(86)	5 668
Interest received	79	11	90	Repayment of interest bearing liabilities <sup>5</sup>	(1 975)	240	(1 735)
Interest paid <sup>4</sup>	(378)	63	(315)	Purchase of shares by ESOP trusts	(47)		(47)
Income tax paid	(1 695)	219	(1 476)	Purchase of shares under share buy-back	(1 792)		(1 792)
<b>Net operating cash flows</b>	<b>8 926</b>	<b>(552)</b>	<b>8 374</b>	Dividends paid	(1 404)		(1 404)
Purchases of PP&E	(3 831)	381	(3 450)	Dividends paid to minority interests	(238)		(238)
Exploration expenditure	(533)	2	(531)	Repayment of finance leases	(22)		(22)
Purchases of investments, controlled entities	(6 240)	-	(6 240)	<b>Net financing cashflows</b>	<b>342</b>	<b>154</b>	<b>496</b>
Proceeds from sale of PP&E	155	(2)	153	<b>AIFRS Decrease in cash</b>	<b>(279)</b>	<b>(17)</b>	<b>(296)</b>
Proceeds from sale of investments	227	-	227	Management of liquid resources	998		n/a
Proceeds from sale of subsidiaries and operations	675	-	675	Money market deposits acquired	(356)		n/a
<b>Net investing cash flows</b>	<b>(9 547)</b>	<b>381</b>	<b>(9 166)</b>	UK GAAP Increase in cash	363		n/a

1. UKGAAP Statement of Cashflows has been represented to reflect the IFRS format.
2. Reflects application of equity accounting jointly controlled entities.
3. Includes dividends received from joint ventures of US\$255m and other dividends received of US\$37m.
4. Includes interest paid of US\$353m and dividends paid on redeemable preference shares of US\$25m.
5. Includes amounts related to debt due within one year and debt due after more than one year.

## Key ratios under IFRS vs UKGAAP

	Year ended 30 June 2005			
	UKGAAP excluding exceptionals	UKGAAP including exceptionals	AIFRS	IFRS with consolidated jointly controlled entities
EBIT margin <sup>1</sup>	37.1%	36.4%	34.3%	35.5%
Basic earnings per share	106.4c	104.5c	104.0c	104.0c
EBITDA interest cover	34.7 times	34.2 times	52.8 times	39.9 times

	As at 30 June 2005			
	UKGAAP excluding exceptionals	UK GAAP including exceptionals	AIFRS	IFRS with consolidated jointly controlled entities
Gearing	35.7%	35.7%	33.5%	35.9%
Return on capital	31.5%	31.2%	30.5%	30.7%

1. Calculated using gross revenue which includes BHP Billiton's share of revenue from equity accounted joint ventures. Excludes third party products.



# Pension and medical schemes <sup>1</sup>

- IAS 19 key concept:
  - Recognition on the basis of the underlying obligations and assets of the plans <sup>2</sup>
  - Election by BHP Billiton to take gains and losses associated with actuarial assumptions (either variations to actual outcomes or changes in future assumptions) directly to equity
- June 2005 impact:
  - US\$573 million net asset reduction for pension and medical schemes reflects the:
    - Derecognition of US\$218 million UKGAAP after-tax prepayment, and
    - Recognition of US\$355 million IFRS after-tax net liability.
  - US\$5 million net profit decrease, mainly reflecting differences in actuarial methodology and assumptions
  - After tax actuarial losses of US\$122 million taken directly to equity

<sup>1</sup> On slide 17 through to slide 27, estimated amounts of the impact for IFRS are for the year ended 30 June 2005 when referring to the Income Statement and balances as at 30 June 2005 when referring to the Balance Sheet.

<sup>2</sup> Previously, costs were allocated over the employees' service lives on the basis of independent actuarial advice. A pension asset was consequently recognised on the balance sheet to the extent that contributions preceded expense recognition.

# Goodwill and Fair value adjustments

- IFRS 3 key concept:
  - Goodwill is not amortised, but tested for impairment on an annual basis <sup>1</sup>
  - Inventory is valued, on acquisition, at net selling price less a reasonable profit allowance <sup>2</sup>
- June 2005 impact:
  - WMC impacts
    - US\$1 601 million <sup>3</sup> goodwill acquired on acquisition of WMC
    - US\$131 million adjustment to inventory on acquisition of WMC
    - US\$1 732 million deferred tax recognised on acquisition of WMC
    - US\$54 million debit to profit and loss for inventory movement since acquisition
  - Other goodwill related impacts
    - US\$354 million <sup>4</sup> of goodwill reclassified from retained earnings under UK GAAP
    - US\$2 million credit to profit and loss to reverse amortisation
    - US\$33 million credit to profit and loss for additional profit on sale of Chrome operations<sup>5</sup>

<sup>1</sup> Previously, goodwill was amortised on a straight line basis.

<sup>2</sup> Under UK GAAP inventory is valued at cost on acquisition.

<sup>3</sup> Goodwill is the balancing entry on acquisition. Represents the inventory and deferred tax fair value adjustments booked on acquisition.

<sup>4</sup> In order to transition UKGAAP and Australian GAAP positions to one consistent IFRS position at 1 July 2004, it has been necessary to carry over the goodwill reported as an asset under Australian GAAP.

<sup>5</sup> Under UK GAAP the gross book value of goodwill was used to determine the profit on sale of Chrome operations, whereas under IFRS the net book value on transition, has been used to determine the profit on sale.

## Income tax

- IAS 12 key concepts:
  - Deferred taxes are measured using the balance sheet approach, being the difference between the carrying value of assets and liabilities and their tax base <sup>1</sup>
  - Where applicable, withholding taxes must be provided where distribution of retained profits is 'probable'
- June 2005 impact:
  - The future tax effect of differences in depreciable amounts is recognised up front
  - Exposure to foreign exchange fluctuations increases <sup>2</sup>
    - For deferred tax related to non-monetary items (mainly depreciation of fixed assets)
    - Primarily a result of translating the accounting carrying value at historical exchange rates and the tax base at current exchange rates

<sup>1</sup> Previously tax effect accounting was based on an income statement approach.

<sup>2</sup> Previously exposure to foreign exchange fluctuations was the result of translating the current period tax depreciation charge at current rates and the accounting depreciation charge at historical rates, together with the exposure relating to translating non USD current and deferred tax balances.

## Income tax cont.

### June 2005 impact cont:

Deferred tax on non depreciable assets acquired in business combinations  
 Foreign exchange movements – tax provisions  
 Foreign exchange movements – USD debt  
 Withholding taxes  
 Application of IAS 12 to jointly controlled entities  
 Total impact

Footnote	Tax benefit/ (expense) US\$m	Tax asset/ (provision) US\$m
1	56	(549)
2	172	434
3	(261)	(662)
4	(10)	(10)
5	-	(13)
	(43)	(800)

1. Under IFRS, deferred tax provisions reflect the tax to arise from differences between future asset depreciation to be recognised for accounting and tax, including those assets that are non-depreciable for tax purposes. Under UKGAAP, non tax depreciable assets give rise to permanent differences recognised in periodic tax expense. Refer slides 21 and 22 for worked examples of the provision and income tax benefit entries respectively.
2. Measurement of deferred taxes is based on accounting values for non-monetary assets translated at historical exchange rates and tax values translated at current exchange rates. This leads to significantly greater exposure to foreign exchange fluctuations compared to UKGAAP, under which all elements of deferred tax are translated at the current rate. Refer slide 23 for a worked example.
3. Under IFRS, deferred tax provisions include the future tax to arise on realisation of exchange gains and losses on USD debt. Under UKGAAP this tax is recognised only when subject to tax – which is generally when realised. Refer slide 24 for a worked example.
4. Provision for withholding tax payable on retained earnings is recognised under IFRS when distribution is considered probable in the foreseeable future. Under UKGAAP such tax is only recognised when a distribution payable is recognised.
5. The net carrying value for investments in jointly controlled entities is impacted by the application of IFRS to the recognition and measurement of deferred tax balances of those entities.

## Worked Example – Non-tax depreciable assets (1)

Example: Acquisition with US\$3bn of mineral rights (depreciable for book, not for tax)

### Balance Sheet

	Book	Tax	Diff.	Tax@30%
Mineral Rights	3,000	Nil	3,000	900

Book balance > Tax balance = PDIT

### Entries:

Dr Goodwill	900	
Cr PDIT		900

## Worked Example – Non-tax depreciable assets (2)

Example Year 2: Mineral rights to be amortised over 10 years

### Balance Sheet

	Book	Tax	Diff.	Tax@30%
Mineral Rights	3,000	Nil	3,000	900
Less amortisation	(300)	Nil	(300)	(90)

### Entries:

Dr PDIT	90	
Cr Tax expense		90

## Worked Example – FX on Non-monetary assets

**Example:** Acquire fixed asset at 30 June 04 for A\$1,450. No depreciation for purposes of example

**Exchange rates:**  
 6/04 A\$1=US\$0.69  
 6/05 A\$1=US\$0.76

	Book		Tax	
	A\$	US\$	A\$	US\$
June 04 Fixed asset	1,450	1,000	1,450	1,000
	Book Value= Tax value ⇒ no deferred tax consequence			

June 05 Fixed asset	1,450	1,000	1,450	1,100
	Tax value > Book value ⇒ Future income tax benefit			

**Entries:**

Dr FITB	30	
Cr Income tax expense		30

100 @ 30%

## Worked example – FX on USD Debt

Example: US\$1,000 loan made to Australian subsidiary at 30 June 2004

Exchange rates: 6/04 A\$1=US\$0.69  
6/05 A\$1=US\$0.76

1. As Loan is in USD – no book implications on EBIT

2. Tax Values	June 04		June 05	
	A\$	US\$	A\$	US\$
Debt	1,450	1,000	1,315	1,000

Tax entries:

Dr Loan A\$135  
Cr FX Gain A\$135

Dr ITE A\$40  
Cr PDIT A\$40

Recorded under IFRS



## Employee share schemes

- IFRS 2 key concept:
  - The cost of equity-based compensation is measured at fair value <sup>1</sup>
  - The cost is accrued over the vesting period
- June 2005 impact:
  - BHP Billiton awards deferred shares, performance shares and/or options, to eligible employees under the Group Incentive Scheme
  - US\$44 million after tax benefit reflects:
    - Fair value of share awards being lower than intrinsic value (mainly due to their ex dividend entitlement and the risk of forfeiture)
    - Fair value of options being higher than intrinsic value
    - The majority of awards granted take the form of deferred and performance shares
    - Vesting period over which cost is recognised, extended to include the performance year where appropriate

<sup>1</sup> Previously, the intrinsic value of share or option based payments was recognised over the vesting period excluding the performance year.

## Dividend payable

- IAS 37 key concept:
  - A liability for a dividend payable can only be recognised when formally declared
- June 2005 impact:
  - Under UK GAAP BHP Billiton recognises a dividend payable where it is declared after period end, but prior to the release of financial results
  - US\$878 million adjustment to current liabilities and retained earnings to reverse the dividend payable recognised at 30 June 2005
  - In future periods, assuming no changes to the current dividend declaration schedule, a liability for any dividends declared after balance date will not be recognised

## Jointly controlled entities

- IAS 31 key concept:
  - While IFRS allows a choice of proportionate consolidation or equity accounting, Australian IFRS mandates equity accounting
- June 2005 impact:
  - Compliance with Australian IFRS requires equity accounting for interests in Escondida, Mozal and Valesul <sup>1</sup>
  - Deconsolidate BHP Billiton share of revenues, expenses, assets and liabilities
  - BHP Billiton share of after tax profit and net assets reported as a separate line item in the consolidated Income Statement and Balance Sheet respectively
  - Supplementary information or alternative financial statements, prepared using proportionate consolidation for these entities will be provided each reporting period

# Financial Instruments

- IAS 39 key concepts:
  - Deferred application date – year ended 30 June 2006 for BHP Billiton
  - All derivative financial instruments must be recognised in the balance sheet and measured at fair value
  - Application of hedge accounting is only available where specific designation and effectiveness criteria are satisfied
- Impact:
  - Does not change our 'no hedge' policy
  - Hedge accounting will not be applied for derivative commodity contracts but we will seek to apply hedge accounting for qualifying interest rate swaps, and foreign exchange contracts used to hedge capital expenditure commitments
  - Changes in fair value of derivative commodity contracts will be taken directly to the Income Statement
  - Information about the Group's material financial instruments are disclosed in the financial statements (note 29)

# Year ended 30 June 2005

Revenue US\$m	UKGAAP	Other presentational differences	IFRS with consolidated jointly controlled entities	Jointly controlled entities <sup>3</sup>	AIFRS
Group production	24 859	(409)	24 450	-	24 450
Third party product	6 945	(275)	6 670	-	6 670
<b>Gross revenue</b>	<b>31 804</b>	<b>(684) <sup>1</sup></b>	<b>31 120</b>	<b>-</b>	<b>31 120</b>
Share of JV's included above	(2 217)	62 <sup>2</sup>	(2 155)	(2 273)	(4 428)
<b>Total revenue</b>	<b>29 587</b>	<b>(622)</b>	<b>28 965</b>	<b>(2 273)</b>	<b>26 692</b>

## Other income US\$m

	UKGAAP
Income from fixed asset investments	37
Profit on sale of fixed assets and operations <sup>4</sup>	410
Add back other income included in expenses under UK GAAP <sup>5</sup>	270
<b>Total other income</b>	<b>717</b>

## Expenses US\$m

	UKGAAP
Net operating costs	21 284
Loss on termination of operations	387
Add back other income <sup>5</sup>	270
<b>Total expenses</b>	<b>21 941</b>

- When goods or services are exchanged or swapped for goods or services which are of similar nature and value, the exchange is not regarded as a transaction which generates revenue under IAS 18.
- IFRS does not permit presentation of Equity Accounted Joint Ventures results using the 'gross' presentation method. Gross equity accounting adjustment relates to sales by BHP Billiton Group companies on behalf of Joint Ventures, which are treated as third party product sales under IFRS.
- Reflects deconsolidation of BHP Billiton share of revenues for Escondida, Mozal and Valesul. Refer slide 31 for further information.
- Includes Profit on sale of fixed assets of US\$168 million and Profit on sale of operations of US\$242 million.
- When calculating UKGAAP balances on slide 5, other income has been reclassified from negative expenses to other income.

# As at 30 June 2005

Current Assets US\$m	UKGAAP	Liquidity adjustments <sup>1</sup>	Other
Stocks	2 568	(103)	-
Debtors	5 679	(2 068)	39 <sup>3</sup>
Investments	212	-	(167) <sup>2</sup>
Cash	1 418	-	-
<b>Total</b>	<b>9 877</b>	<b>(2 171)</b>	<b>(128)</b>

Current Liabilities US\$m	UKGAAP	Liquidity adjustments <sup>1</sup>	Other
Creditors	4 052	-	39 <sup>3</sup>
Debt	3 102	(1 602)	-
Tax payable	842	-	-
Dividends payable and provisions	878	1 106 <sup>5</sup>	-
Deferred income	120	-	-
<b>Total</b>	<b>8 994</b>	<b>(496)</b>	<b>39</b>

Non-current Assets US\$m	UKGAAP	Liquidity adjustments <sup>1</sup>	Other
Stocks	-	103	-
Debtors	-	2 068	-
Goodwill	17	-	354 <sup>4</sup>
Tangible assets	30 347	-	-
Investments	1 525	-	167 <sup>2</sup>
Loans to JV's	182	-	-
<b>Total</b>	<b>32 071</b>	<b>2 171</b>	<b>521</b>

Non-current Liabilities US\$m	UKGAAP	Liquidity adjustments <sup>1</sup>	Other
Creditors	162	-	-
Debt	8 024	1 602	-
Tax provision	1 191	-	-
Other provisions	5 726	(1 106) <sup>5</sup>	-
Deferred income	362	-	-
<b>Total</b>	<b>15 465</b>	<b>496</b>	<b>-</b>

- Liquidity adjustments represent the transfer of amounts receivable and payable in more than 12 months to non-current assets and liabilities, respectively.
- IFRS requires that restricted cash held in environmental trusts be classified as non-current investments. BHP Billiton currently classifies these amounts as current assets under UKGAAP.
- Foreign currency hedge contracts have been accounted for in accordance with AASB1012, where the value of unmatured contracts are recognised on the balance sheet as an asset and offsetting liability.
- Goodwill reclassified from retained earnings. Refer slide 18.
- IFRS requires that provision amounts due and payable within 12 months be classified as current provisions. BHP Billiton currently classifies these amounts as Provisions for Liabilities and Charges under UKGAAP. Of the US\$1106m current portion, US\$487m relates to employee entitlements, US\$296m relates to restructuring provisions and US\$176m relates to restoration and rehabilitation provisions.

# Jointly controlled entities – Income Statement

## Year ended 30 June 2005

US\$m	Jointly controlled entity <sup>1</sup>			Intercompany adjustments <sup>2</sup>	Total
	Escondida	Mozal	Valesul		
Revenue	2 277	461	88	(553)	2 273
Other income	(4)	-	1	-	(3)
Expenses excluding finance costs	(920)	(296)	(79)	553	(742)
<b>EBIT</b>	<b>1 353</b>	<b>165</b>	<b>10</b>	-	<b>1 528</b>
Net financing costs	(37)	(35)	3	-	(69)
<b>Profit before tax</b>	<b>1 316</b>	<b>130</b>	<b>13</b>	-	<b>1 459</b>
Income tax	(226)	-	(4)	-	(230)
<b>Net profit</b>	<b>1 090</b>	<b>130</b>	<b>9</b>	-	<b>1 229</b>

- 1 Results shown above reflect those of the jointly controlled entity only. They do not include revenues and costs in relation to those entities, but incurred by other BHP Billiton subsidiaries.
- 2 Where BHP Billiton Marketing sells the product of these entities on a principal basis, those sales will continue to be included BHP Billiton group sales revenue under IFRS, but will be classified as sales of Third Party Product.

# Jointly controlled entities – Balance Sheet

## As at 30 June 2005 & 30 June 2004

US\$m	30 June 2005					30 June 2004				
	Jointly controlled entity <sup>1</sup>			Intercoy Adj's <sup>2</sup>	Total	Jointly controlled entity <sup>1</sup>			Intercoy Adj's <sup>2</sup>	Total
	Escondida	Mozal	Valesul			Escondida	Mozal	Valesul		
Current Assets	457	135	31	-	623	370	113	24	-	507
Non Current Assets	1 887	758	42	(1 752)	935	1 596	785	44	(1 231)	1 194
<b>Total Assets</b>	<b>2 344</b>	<b>893</b>	<b>73</b>	<b>(1 752)</b>	<b>1 558</b>	<b>1 966</b>	<b>898</b>	<b>68</b>	<b>(1 231)</b>	<b>1 701</b>
Current Liabilities	328	38	8	-	374	462	38	5	-	505
Non Current Liabilities	773	396	15	-	1 184	736	446	14	-	1 196
<b>Total Liabilities</b>	<b>1 101</b>	<b>434</b>	<b>23</b>	<b>-</b>	<b>1 558</b>	<b>1 198</b>	<b>484</b>	<b>19</b>	<b>-</b>	<b>1 701</b>
<b>Net Assets</b>	<b>1 243</b>	<b>459</b>	<b>50</b>	<b>(1 752)</b>	<b>-</b>	<b>768</b>	<b>414</b>	<b>49</b>	<b>(1 231)</b>	<b>-</b>
Minority interests	-	-	-	-	-	-	-	-	-	-
<b>Attributable net assets</b>	<b>1 243</b>	<b>459</b>	<b>50</b>	<b>(1 752)</b>	<b>-</b>	<b>768</b>	<b>414</b>	<b>49</b>	<b>(1 231)</b>	<b>-</b>

1 Results shown above reflect those of the jointly controlled entity only. They do not include assets and liabilities in relation to those entities, but incurred by other BHP Billiton subsidiaries.

2 Intercompany adjustments represent the increase in Investment in jointly controlled entities.



# Consolidated Balance Sheet

## As at 30 June 2004

US\$m	UKGAAP	Measurement differences				Other <sup>1</sup>	Liquidity <sup>1</sup>	IFRS with consolidated jointly controlled entities	Jointly controlled entities <sup>2</sup>	AIFRS
		Pension & medical schemes	Equity based employee costs	Income tax	Dividend					
Current Assets	8 151	-	-	-	-	(123)	(1 527)	6 501	(507)	5 994
Non Current Assets	22 709	(204)	2	472	-	541	1 527	25 047	(1 194)	23 853
<b>Total Assets</b>	<b>30 860</b>	<b>(204)</b>	<b>2</b>	<b>472</b>	<b>-</b>	<b>418</b>	<b>-</b>	<b>31 548</b>	<b>(1 701)</b>	<b>29 847</b>
Current Liabilities	4 935	-	-	-	(592)	30	654	5 027	(505)	4 522
Non Current Liabilities	11 545	242	-	1 224	-	-	(654)	12 357	(1 196)	11 161
<b>Total Liabilities</b>	<b>16 480</b>	<b>242</b>	<b>-</b>	<b>1 224</b>	<b>(592)</b>	<b>30</b>	<b>-</b>	<b>17 384</b>	<b>(1 701)</b>	<b>15 683</b>
<b>Net Assets</b>	<b>14 380</b>	<b>(446)</b>	<b>2</b>	<b>(752)</b>	<b>592</b>	<b>388</b>	<b>-</b>	<b>14 164</b>	<b>-</b>	<b>14 164</b>
Minority interests	342	-	-	-	-	5	-	347	-	347
<b>Attributable net assets</b>	<b>14 038</b>	<b>(446)</b>	<b>2</b>	<b>(752)</b>	<b>592</b>	<b>383</b>	<b>-</b>	<b>13 817</b>	<b>-</b>	<b>13 817</b>

<sup>1</sup> Refer slide 34 for further detail.

<sup>2</sup> Refer slide 32 for further information.

# As at 30 June 2004

Current Assets US\$m	UKGAAP <sup>5</sup>	Liquidity adjustments <sup>1</sup>	Other
Stocks	1 760	(45)	-
Debtors	4 406	(1 482)	30 <sup>3</sup>
Investments	167	-	(153) <sup>2</sup>
Cash	1 818	-	-
<b>Total</b>	<b>8 151</b>	<b>(1 527)</b>	<b>(123)</b>

Current Liabilities US\$m	UKGAAP <sup>5</sup>	Liquidity adjustments <sup>1</sup>	Other
Creditors	2 756	-	30 <sup>3</sup>
Debt	1 134	-	-
Tax payable	297	-	-
Dividends payable and provisions	592	654 <sup>5</sup>	-
Deferred income	156	-	-
<b>Total</b>	<b>4 935</b>	<b>654</b>	<b>30</b>

Non-current Assets US\$m	UKGAAP <sup>5</sup>	Liquidity adjustments <sup>1</sup>	Other
Stocks	-	45	-
Debtors	-	1 482	-
Goodwill	34	-	388 <sup>4</sup>
Tangible assets	20 945	-	-
Investments	1 369	-	153 <sup>2</sup>
Loans to JV's	361	-	-
<b>Total</b>	<b>22 709</b>	<b>1 527</b>	<b>541</b>

Non-current Liabilities US\$m	UKGAAP <sup>5</sup>	Liquidity adjustments <sup>1</sup>	Other
Creditors	176	-	-
Debt	5 453	-	-
Tax provision	1 218	-	-
Other provisions	4 350	(654) <sup>5</sup>	-
Deferred income	348	-	-
<b>Total</b>	<b>11 545</b>	<b>(654)</b>	<b>-</b>

- Liquidity adjustments represent the transfer of amounts receivable and payable in more than 12 months to non-current assets and liabilities, respectively.
- IFRS requires that restricted cash held in environmental trusts be classified as non current investments. BHP Billiton currently classifies these amounts as current assets under UKGAAP.
- Foreign currency hedge contracts have been accounted for in accordance with AASB1012, where the value of unmatured contracts are recognised on the balance sheet as an asset and offsetting liability.
- Goodwill reclassified from retained earnings. Refer slide 18.
- IFRS requires that provision amounts due and payable within 12 months be classified as current provisions. BHP Billiton currently classifies these amounts as Provisions for Liabilities and Charges under UKGAAP. Of the US\$654m current portion, US\$340m relates to employee entitlements, and US\$136m relates to restoration and rehabilitation provisions.

# Consolidated Income Statement – AGAAP vs UKGAAP <sup>1</sup>

## Year ended 30 June 2005

US\$million	AGAAP <sup>2</sup>	Gross equity acc'g <sup>2</sup>	Other revenue allocations <sup>3</sup>	Interest income	Goodwill and fair value adjust's <sup>4</sup>	Other tax adjustments <sup>5</sup>	Tax loss benefits <sup>6</sup>	UKGAAP
Revenue – excluding JV's	29 649	(62)	-	-	-	-	-	29 587
Other income	1 458	-	(301)	(116)	-	-	-	1 041
Expenses excluding finance costs	(22 691)	62	301	-	63	-	-	(22 265)
Income from equity accounted JV's	564	235	-	-	-	-	-	799
<b>EBIT</b>	<b>8 980</b>	<b>235</b>	<b>-</b>	<b>(116)</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>9 162</b>
Net financing costs	(499)	(38)	-	116	-	-	-	(421)
<b>Profit before tax</b>	<b>8 481</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>8 741</b>
Income tax	(2 240)	(197)	-	-	-	(24)	350	(2 111)
Profit after tax	6 241	-	-	-	63	(24)	350	6 630
Equity minority interests	(232)	-	-	-	-	-	-	(232)
<b>Net profit</b>	<b>6 009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>(24)</b>	<b>350</b>	<b>6 398</b>

1. Excludes items treated as exceptional under UKGAAP.

2. IFRS does not permit presentation of results for equity accounted investments using the 'gross' method.

3. Certain items classified as other income under AGAAP are classified as negative operating costs under UKGAAP. In addition, AGAAP requires revenue from sale of fixed assets and cost of assets sold be classified as other income and expenses respectively. UKGAAP requires presentation on a net basis.

4. Goodwill recognised against equity in prior periods under UKGAAP is classified as an intangible asset under AGAAP and is amortised on a straight line basis.

5. Following the introduction of the tax consolidation regime in Australia, the resulting additional deferred tax balances were recognised immediately for AGAAP purposes, but allocated over the remaining life of the assets under UKGAAP.

6. Under AGAAP, tax benefits can only be recognised in relation to prior year losses to the extent that the generation of future profits to absorb those losses is virtually certain. Recognition under UKGAAP is on the basis of probability.