

BHP BILLITON GROUP

FINANCIAL INFORMATION ON A PROPORTIONAL CONSOLIDATION BASIS

As at 30 June 2006

Effective 1 July 2007 the Group adopted AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED151 and Other Amendments' which permits the recognition of its proportionate interests in the assets, liabilities, revenues and expenses of jointly controlled entities within each applicable line item of the financial statements. Previously all such interests were recognised using the equity method. The Financial Statements for the year ended 30 June 2008 presented the Income Statement, Statement of Recognised Income and Expense, and Cash Flow Statement with two restated comparative periods whereas the Balance Sheet was only presented with one restated comparative period. The purpose of this financial information is to also present the Balance Sheet for 30 June 2006 on a proportional consolidation basis.

This financial information is unaudited and should be read in conjunction with the Financial Statements for the year ended 30 June 2008.



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BHP Billiton Group

Consolidated Balance Sheet on a proportional consolidation basis

as at 30 June 2006

	Notes	2006 Restated ^(a) US\$M
ASSETS		
Current assets		
Cash and cash equivalents	3	1,367
Trade and other receivables	4	5,031
Other financial assets	5	872
Inventories	6	3,090
Assets held for sale	7	488
Other		187
Total current assets		11,035
Non-current assets		
Trade and other receivables	4	618
Other financial assets	5	868
Inventories	6	137
Property, plant and equipment	8	35,979
Intangible assets	9	765
Deferred tax assets	10	1,832
Other		109
Total non-current assets		40,308
Total assets		51,343
LIABILITIES		
Current liabilities		
Trade and other payables	11	4,319
Interest bearing liabilities	12	1,776
Liabilities held for sale	7	211
Other financial liabilities	13	652
Current tax payable		1,625
Provisions	14	1,173
Deferred income		279
Total current liabilities		10,035
Non-current liabilities		
Trade and other payables	11	165
Interest bearing liabilities	12	8,723
Other financial liabilities	13	289
Deferred tax liabilities	10	1,979
Provisions	14	5,048
Deferred income		649
Total non-current liabilities		16,853
Total liabilities		26,888
Net assets		24,455
EQUITY		
Share capital – BHP Billiton Limited		1,490
Share capital – BHP Billiton Plc		1,234
Treasury shares held		(418)
Reserves		824
Retained earnings		21,088
Total equity attributable to members of BHP Billiton Group		24,218
Minority interests		237
Total equity		24,455

The accompanying notes form part of this financial information.

(a) Restated as described in Note 1.

Notes to Financial Information

1 Changes in accounting policy

Proportionate consolidation

As permitted by AASB 2007-4 'Australian Accounting Standards Arising from ED151 and Other Amendments' and IAS 31 'Interests in Joint Ventures', the Group on 1 July 2007 adopted the policy of recognising its proportionate interests in the assets, liabilities, revenues and expenses of jointly controlled entities within each applicable line item of the financial statements. All such interests were previously recognised using the equity method. The Group believes the change in policy to proportionate consolidation of jointly controlled entities provides more relevant information about the financial performance and financial position of the Group.

Following this change in policy, financial information has been restated with the impact summarised below. There was no impact on profit after taxation, profit attributable to members of the Group, total equity or the Group's earnings per share for the period ended 30 June 2006.

	30 June 2006	
	Restated US\$M	Published US\$M
Current and non-current assets:		
Cash and cash equivalents	1,367	776
Trade and other receivables	5,649	4,644
Other financial assets	1,740	1,758
Inventories	3,227	2,825
Assets held for sale	488	469
Investments in jointly controlled entities	–	4,299
Property, plant and equipment	35,979	30,985
Intangible assets	765	683
Deferred tax assets	1,832	1,829
Other assets	296	248
Total assets	51,343	48,516
Current and non-current liabilities:		
Trade and other payables	4,484	4,222
Interest bearing liabilities	10,499	9,016
Liabilities held for sale	211	192
Other financial liabilities	941	833
Current tax payable	1,625	1,358
Deferred tax liabilities	1,979	1,592
Provisions	6,221	5,920
Deferred income	928	928
Total liabilities	26,888	24,061
Net assets	24,455	24,455

Notes to Financial Information

2 Business and geographical segments

Business segments

We operate nine Customer Sector Groups aligned with the commodities which we extract and market:

Customer Sector Group	Principal activities
Petroleum	Oil and gas exploration, production, development and marketing
Aluminium	Mining of bauxite, refining of bauxite into alumina and smelting of alumina into aluminium metal
Base Metals	Mining of copper, silver, lead, zinc, molybdenum, uranium and gold
Diamonds and Specialty Products	Mining of diamonds and titanium minerals
Stainless Steel Materials	Mining and production of nickel products
Iron Ore	Mining of iron ore
Manganese	Mining of manganese ore and production of manganese metal and alloys
Metallurgical Coal	Mining of metallurgical coal
Energy Coal	Mining and marketing of thermal (energy) coal

US\$M	Petroleum	Aluminium	Base Metals	Diamonds and Specialty Products	Stainless Steel Materials	Iron Ore	Manganese	Metallurgical Coal	Energy Coal	Group and unallocated items/ eliminations	BHP Billiton Group
As at 30 June 2006											
Segment assets	7,559	6,943	13,690	1,973	5,692	4,073	859	2,649	3,726	4,179	51,343
Segment liabilities	2,236	1,048	3,383	218	898	1,229	344	791	1,798	14,943	26,888

Notes to Financial Information

2 Business and geographical segments continued

Geographical information

	2006
	Segment assets by location of assets US\$M
Europe	4,473
China	–
Japan	–
Australia	23,002
Other Asia	–
North America	5,707
South Korea	–
South America	9,216
Southern Africa	5,193
Rest of World	734
Unallocated assets	3,018
BHP Billiton Group	51,343

3 Cash and cash equivalents

Cash equivalents include highly liquid investments that are readily convertible to cash and with a maturity of less than 90 days, bank overdrafts and interest bearing liabilities at call.

	2006 US\$M
Cash and cash equivalents comprise:	
Cash assets ^(a)	
Cash	707
Short-term deposits	660
Total cash assets	1,367
Bank overdrafts – refer to note 12	(16)
Total cash and cash equivalents	1,351

(a) Cash and cash equivalents include US\$297 million which is restricted by legal or contractual arrangements.

4 Trade and other receivables

	2006 US\$M
Current	
Trade receivables	3,934
Provision for doubtful debts	(4)
Total trade receivables	3,930
Employee Share Plan loans ^(a)	2
Other sundry receivables	1,102
Provision for doubtful debts	(3)
Total sundry receivables	1,101
Total current receivables	5,031
Non-current	
Employee Share Plan loans ^(a)	45
Other sundry receivables	573
Total non-current receivables	618

(a) Under the terms of the BHP Billiton Limited Employee Share Plan, shares have been issued to employees for subscription at market price less a discount not exceeding 10 per cent. Interest free employee loans are full recourse and are available to fund the purchase of such shares for a period of up to 20 years, repayable by application of dividends or an equivalent amount.

Notes to Financial Information

5 Other financial assets

	2006 US\$M
Current	
At fair value	
Cross currency and interest rate swaps	34
Forward exchange contracts	27
Commodity contracts	754
Other derivative contracts	20
	835
At amortised cost	
Insurance investments ^(a)	1
Other	36
Total current other financial assets	872
Non-current	
At fair value	
Cross currency and interest rate swaps	390
Forward exchange contracts	3
Commodity contracts	73
Other derivative contracts	34
Shares – fair value through profit	104
Shares – available for sale	202
Other investments – available for sale ^(b)	62
Total non-current other financial assets	868

(a) Includes US\$1 million relating to the BHP Billiton Group's self-insurance arrangements. These investments are held for the benefit of the BHP Billiton Group but are not available for the general purposes of the BHP Billiton Group.

(b) Investments held by the Ingwe, Selbaie and Rio Algom Environmental Trust Funds and the Samancor Rehabilitation Trust. The future realisation of these investments is intended to fund environmental obligations relating to the closure of the South African coal operations and Selbaie's, Rio Algom's and Samancor's mines and consequently these investments, whilst under the BHP Billiton Group control, are not available for the general purposes of the BHP Billiton Group. All income from these investments is reinvested or applied to meet these obligations. The BHP Billiton Group retains responsibility for these environmental obligations until such time as the former mine sites have been rehabilitated in accordance with the relevant environmental legislation. These obligations are therefore included under non-current provisions. Refer to note 14.

6 Inventories

		2006 US\$M
Current		
Raw materials and consumables	- at net realisable value ^(a)	62
	- at cost	760
		822
Work in progress	- at net realisable value ^(a)	23
	- at cost	830
		853
Finished goods	- at net realisable value ^(a)	28
	- at cost	1,387
		1,415
Total current inventories		3,090
Non-current		
Raw materials and consumables	- at cost	23
Work in progress	- at cost	114
Finished goods	- at cost	–
Total non-current inventories		137

(a) US\$6 million of inventory write-downs were recognised during the year. Inventory write-downs of US\$19 million made in previous periods were reversed during the year.

Notes to Financial Information

7 Assets held for sale

The following assets and businesses were classified as held for sale in the balance sheet at 30 June 2006.

Valesul Aluminio SA

BHP Billiton's 45.5 per cent joint venture interest in Valesul Aluminio SA, an aluminium smelter located in Brazil, forming part of the Aluminium CSG, was presented as held for sale following the completion of a divestment review by the Group. The sale was completed subsequent to 30 June 2006.

Southern Cross Fertilisers Pty Ltd

BHP Billiton announced on 9 May 2006 that it had entered into an agreement for the sale of Southern Cross Fertilisers Pty Ltd, a fertiliser mining and processing business, forming part of the Diamonds and Specialty Products CSG. The agreement had conditions precedent that remained unfulfilled at 30 June 2006, and therefore the assets and liabilities were classified as held for sale. The sale was completed subsequent to 30 June 2006.

Bruce and Keith oil fields

At 30 June 2006, the Bruce and Keith oil fields (with associated acreage), which form part of the Petroleum CSG, were marketed as part of the BHP Billiton Group's normal portfolio management process. As such, the assets and liabilities were presented as held for sale at 30 June 2006.

Cascade and Chinook oil and gas prospects

BHP Billiton entered into interdependent agreements for the sale of its Cascade and Chinook oil and gas prospects, which formed part of the Petroleum CSG. The agreements had conditions precedent that remained unfulfilled as at 30 June 2006, and therefore the assets were classified as held for sale. The sale was completed subsequent to 30 June 2006.

Coal bed methane assets

On 21 June 2006, BHP Billiton announced that it had entered an agreement to sell its Australian coal bed methane interests which formed part of the Petroleum CSG. The sale had conditions precedent that remained unfulfilled at 30 June 2006, and therefore the assets and liabilities were classified as held for sale. The sale was completed subsequent to 30 June 2006.

The net assets of the operations classified as held for sale are shown in aggregate below.

	2006 US\$M
Cash and cash equivalents	15
Trade and other receivables	29
Inventories	40
Property, plant and equipment	372
Deferred tax assets	20
Other	12
Total assets	488
Trade and other payables	47
Current tax payable	3
Provisions	72
Deferred tax liabilities	89
Total liabilities	211
Net assets	277

Notes to Financial Information

8 Property, plant and equipment

	Land and buildings US\$M	Plant and equipment US\$M	Other mineral assets US\$M	Assets under construction US\$M	Exploration and evaluation US\$M	Total US\$M
2006						
Cost						
At the beginning of the financial year	3,599	30,390	13,048	3,957	661	51,655
Additions	92	1,068	450	5,252	204	7,066
Acquisitions of subsidiaries and operations	5	–	47	–	–	52
Disposals	(31)	(230)	(128)	(3)	(7)	(399)
Disposals of subsidiaries and operations	(148)	(470)	(257)	(10)	–	(885)
Transfer to current assets held for sale	(110)	(912)	(208)	(30)	(45)	(1,305)
Exchange variations	(2)	24	7	–	1	30
Transfers and other movements	280	2,219	(724)	(1,569)	(50)	156
At the end of the financial year	3,685	32,089	12,235	7,597	764	56,370
Accumulated depreciation						
At the beginning of the financial year	1,342	14,309	3,340	–	106	19,097
Charge for the year	171	1,984	416	–	13	2,584
Impairments for the year	18	69	–	(8)	79	158
Disposals	(20)	(179)	(127)	(3)	(7)	(336)
Disposals of subsidiaries and operations	(91)	(284)	(150)	–	–	(525)
Transfer to current assets held for sale	(49)	(677)	(157)	–	–	(883)
Exchange variations	–	26	6	–	–	32
Transfers and other movements	15	245	(3)	11	(4)	264
At the end of the financial year	1,386	15,493	3,325	–	187	20,391
Net book value at 30 June 2006	2,299	16,596	8,910	7,597	577	35,979

9 Intangible assets

	2006		
	Goodwill US\$M	Software and other intangibles US\$M	Total US\$M
Cost			
At the beginning of the financial year	599	296	895
Additions	–	14	14
Disposals	–	(19)	(19)
Transfers and other movements	–	54	54
At the end of the financial year	599	345	944
Amortisation and impairments			
At the beginning of the financial year	–	161	161
Disposals	–	(18)	(18)
Charge for the year	–	29	29
Impairments for the year	–	5	5
Transfers and other movements	–	2	2
At the end of the financial year	–	179	179
Total intangible assets	599	166	765

Notes to Financial Information

10 Deferred tax

The movement for the year in the Group's net deferred tax position was as follows:

	2006 US\$M
Net deferred tax asset/(liability)	
Opening balance	(787)
Income tax credit recorded in the income statement	612
Effect of change in tax rates	–
Income tax credit/(charge) recorded directly in equity ^(a)	(24)
Acquisitions and disposals of subsidiaries and operations	20
Transfers to/(from) assets and liabilities held for sale	69
Exchange differences and other movements	(37)
Closing balance	(147)

(a) The amounts charged directly to the SORIE including deferred tax relating to actuarial gains/(losses) on pension and medical plans, effective cash flow hedges and available for sale investments, and other amounts charged directly to equity including deferred tax relating to employee share awards.

The following details the composition of the Group's net deferred tax asset and liability recognised in the balance:

	Deferred tax assets	Deferred tax liabilities
	2006 US\$M	2006 US\$M
Type of temporary difference		
Depreciation	(384)	1,580
Exploration expenditure	204	(71)
Employee benefits	130	(257)
Restoration and rehabilitation	189	(559)
Resource rent tax	–	213
Other provisions	30	11
Deferred income	56	(157)
Deferred charges	(133)	322
Investments, including foreign tax credits	734	215
Foreign exchange losses	5	257
Non tax-depreciable fair value adjustments, revaluations and mineral rights	(26)	481
Tax-effected losses	976	(56)
Other	51	–
Total BHP Billiton Group	1,832	1,979

11 Trade and other payables

	2006 US\$M
Current	
Trade creditors	3,032
Sundry creditors	1,287
Total current payables	4,319
Non-current	
Sundry creditors	165
Total non-current payables	165

Notes to Financial Information

12 Interest bearing liabilities

	2006 US\$M
Current	
Unsecured bank loans	1,158
Notes and debentures	1
Secured bank loans	51
Finance leases	6
Unsecured other	544
Unsecured bank overdrafts	16
Total current interest bearing liabilities	1,776
Non-current	
Unsecured bank loans	–
Notes and debentures	6,126
Secured bank loans	336
Commercial paper	1,354
Redeemable preference shares	15
Finance leases	54
Unsecured other	838
Total non-current interest bearing liabilities	8,723

13 Other financial liabilities

	2006 US\$M
Current	
At fair value	
Cross currency and interest rate swaps	11
Forward exchange contracts	21
Commodity contracts	553
Other derivative contracts	67
Total current other financial liabilities	652
Non-current	
At fair value	
Cross currency and interest rate swaps	165
Forward exchange contracts	8
Commodity contracts	61
Other derivative contracts	55
Total non-current other financial liabilities	289

Notes to Financial Information

14 Provisions

	2006 US\$M
Current	
Employee benefits ^(a)	718
Restructuring ^(b)	35
Restoration and rehabilitation ^(c)	236
Post-retirement employee benefits ^(d)	17
Other	167
Total current provisions	1,173
Non-current	
Employee benefits ^(a)	130
Restructuring ^(b)	133
Restoration and rehabilitation ^(c)	4,019
Post-retirement employee benefits ^(d)	583
Other	183
Total non-current provisions	5,048

- (a) The expenditure associated with total employee benefits will occur in a manner consistent with when employees choose to exercise their entitlement to benefits.
- (b) Total restructuring provisions include provision for business terminations of US\$163 million.
- (c) Total closure and rehabilitation provisions include provision for closed sites of US\$1,297 million.
- (d) The provision for post-retirement employee benefits includes pension liabilities of US\$231 million and post-retirement medical benefit liabilities of US\$369 million.
- (e) The non-current provision includes non-executive Directors' retirement benefits of US\$3 million.