

BHP Billiton Finance Plc

Directors' report and financial statements

Registered number: 6683534

30 June 2017

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Directors' Report

The Directors present their Directors' Report and financial statements for BHP Billiton Finance Plc ('the Company') for the financial year ended 30 June 2017.

Principal activities and review of business

The Company was incorporated on 28 August 2008 by the Registrar of Companies for England and Wales as a Public Limited Company under the Companies Act 2006.

The principal activity of the Company is to raise funds in the external debt markets. Funds from such issuance are ultimately made available to BHP Billiton Group companies. The Company's activities are not expected to change in the future.

The Company may be exposed to interest, foreign exchange, liquidity and credit risks. The Company may enter into currency and interest rate swaps and interest rate derivatives for the purpose of managing risk exposures for fellow BHP Billiton Group Companies ('the Group').

BHP Billiton Group's Financial Risk Management Committee (FRMC) has oversight to monitor the Group's financial exposures.

The US dollar is the functional currency of most operations within the BHP Billiton Group as well as being the functional currency of the Company and so most currency exposure relates to transactions and balances in currencies other than the US dollar. The Company has potential currency exposures in respect of items denominated in currencies other than its functional currency:

- Transactional exposure in respect of non-functional currency expenditure and revenues;
- Translational exposure in respect of investments in overseas operations; and
- Translational exposure in respect of non-functional currency monetary items.

Results and review of activities

The result after taxation is a loss of US\$ 581 (2016: loss of US\$ 564).

The operating results and state of affairs of the Company are fully set out in the accompanying financial statements and do not in our opinion require any further comment. The nature of the Company's business will remain the same for the foreseeable future.

Research and development

The Company did not incur any research and development costs during the year.

Financial instruments

The financial risks faced by the Company and its policy towards these risks are set out in note 10 of the accounts.

Proposed dividend

The directors do not recommend the payment of a dividend (2016: US\$ nil).

Directors

The directors who held office during the year were as follows:

Stewart Forster Cox

Vandita Pant

Ian Duncan Chisholm (Appointed on 31 December 2016)

Antonello Persico (Resigned on 31 December 2016)

Employees

There were no employees under the Company during the year.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Going concern

After making detailed enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis.

Strategic report

The Company is deemed a small company under the Companies Act 2006 and hence qualifies under Section 414B to be exempted from the duty to prepare a strategic report.

By order of the board



Stewart Forster Cox
Director

Nova South
160 Victoria Street
London
SW1E 5LB
18 December 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of BHP Billiton Finance Plc

Opinion

We have audited the financial statements of BHP Billiton Finance Plc ("the company") for the year ended 30th June 2017 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial position, Cash flow Statement, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in this report for the financial year is consistent with the financial statements; and
- in our opinion this report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent Auditors' Report to the Members of BHP Billiton Finance Plc

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

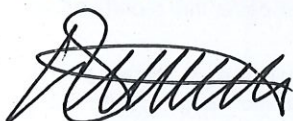
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 opinions we have formed.



Lourens De Villiers (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

18 December 2017

Income Statement

for the financial year ended 30 June 2017

| | Notes | 2017 US\$ | 2016 US\$ |
|--|-------|----------------|----------------|
| Administrative expenses (Bank charges) | 2 | (1,080) | (1,081) |
| Operating loss | | (1,080) | (1,081) |
| Financial income | | 84 | 2 |
| Financial expenses | | (32) | (142) |
| Net finance income/(expense) | 3 | 52 | (140) |
| Loss on ordinary activities before taxation | | (1,028) | (1,221) |
| Tax benefit on ordinary activities | 5 | 447 | 657 |
| Net loss for the financial year | | (581) | (564) |

The accompanying notes on pages 11 to 17 form part of these financial statements

Statement of Comprehensive Income

for the financial year ended 30 June 2017

| | 2017 US\$ | 2016 US\$ |
|-----------------------------|--------------|--------------|
| Loss for the year | (581) | (564) |
| Total comprehensive expense | (581) | (564) |

The accompanying notes on pages 11 to 17 form part of these financial statements

Statement of Financial Position

as at 30 June 2017

| | Notes | 2017 US\$ | 2016 US\$ |
|---------------------------|-------|---------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 50,009 | 51,037 |
| Debtors | 7 | 1,104 | 657 |
| Total assets | | 51,113 | 51,694 |
| Net assets | | 51,113 | 51,694 |
| EQUITY | | | |
| Share capital | 8 | 91,704 | 91,704 |
| Accumulated losses | 9 | (40,591) | (40,010) |
| Total equity | | 51,113 | 51,694 |

The accompanying notes on pages 11 to 17 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18 December 2017 and signed on its behalf by:



Stewart Forster Cox
Director



Ian Duncan Chisholm
Director

Cash Flow Statement

for the financial year ended 30 June 2017

| | Notes | 2017 US\$ | 2016 US\$ |
|---|-------|----------------|---------------|
| Cash flows from operating activities | | | |
| Loss before taxation | | (1,028) | (1,221) |
| Adjustment for: | | | |
| Financial income | | (84) | (2) |
| Financial expense | | 32 | 142 |
| Tax received | | - | 413 |
| Net cash from operating activities | | (1,080) | (668) |
| Cash flows from investing activities | | | |
| Interest received | | 84 | 2 |
| Net cash from investing activities | | 84 | 2 |
| Net decrease in cash and cash equivalents | | (996) | (666) |
| Cash and cash equivalents, net of overdrafts, at beginning of the period | | 51,037 | 51,845 |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | | (32) | (142) |
| Cash and cash equivalents at end of the period | 6 | 50,009 | 51,037 |

The accompanying notes on pages 11 to 17 form part of these financial statements.

Statement of Changes in Equity

for the financial year ended 30 June 2017

| | Share capital | Accumulated losses | Total equity |
|-----------------------------|---------------|--------------------|--------------|
| | US\$ | US\$ | US\$ |
| Balance at 1 July 2015 | 91,704 | (39,446) | 52,258 |
| Loss for the year | - | (564) | (564) |
| Other comprehensive expense | - | - | - |
| Balance at 30 June 2016 | 91,704 | (40,010) | 51,694 |
| Balance at 1 July 2016 | 91,704 | (40,010) | 51,694 |
| Loss for the year | - | (581) | (581) |
| Other comprehensive expense | - | - | - |
| Balance at 30 June 2017 | 91,704 | (40,591) | 51,113 |

The accompanying notes on pages 11 to 17 form part of these financial statements.

Notes to the Financial Statements (continued)

1 Accounting policies

Basis of preparation

BHP Billiton Finance Plc (the "Company") is a company incorporated and domiciled in the UK. This is a for-profit entity. The financial statements were authorised for issue by the Directors on 18 December 2017.

a) Statement of compliance

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs').

The Company is exempt under CA2006 s400 from the obligation to prepare group accounts. The Company is included in the consolidated financial statements of BHP Billiton Plc and its consolidated financial statements are available from Nova South, 160 Victoria Street London, SW1E 5LB, United Kingdom.

b) Basis of measurement

The financial statements are drawn up on the basis of historical cost principles, except for derivative financial instruments and certain other financial assets which are carried at fair value.

All amounts are expressed in US dollars, unless otherwise stated, consistent with the functional currency of the Company's operations.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

c) Foreign currency

The Company's reporting currency is the US dollar as this is the principal currency of the economic environments in which it operates.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost as reduced by an appropriate allowance for irrecoverable amounts.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Share capital

Dividends unpaid at the balance sheet are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

h) Classification of financial instruments issued by the Company

Financial instruments issued by the Company form part of shareholders' funds only to the extent that they meet the following conditions:

- (i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (ii) where the instruments will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments that are associated with financial instruments that are classified as equity are dividends and recorded directly in equity. Dividends are recognised as a liability in the period in which they are declared.

Where the Company enters into financial guarantee contracts which guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment.

i) Expenses

(i) Finance expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

(ii) Finance income

Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains. Interest income is recognised in the income statement as it accrues, using the effective interest method.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

j) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Reductions in UK corporation tax rate to from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016.

k) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company does not have any equity or debt securities that are publicly traded and is not in the process of issuing equity or debt securities in public securities markets therefore no segment reporting information is included in the financial statements.

l) New standards and interpretations adopted for the first time / not yet adopted

There are no new accounting standards or interpretations that have been adopted for the first time in these Financial Statements. The following new accounting standards are not yet effective, but may have an impact on the Company in financial years commencing from 1 July 2017 or later:

- IFRS 15/AASB 15 'Revenue from Contracts with Customers'. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Work to date has focused on understanding the standard contractual arrangements across the Company's principal revenue streams, particularly key terms and conditions which may impact revenue recognition. To date, no significant measurement differences have been identified. IFRS 15 requires separate disclosure of the impacts of provisional pricing. Where applicable, system and process changes are being made to appropriately measure and capture this data for disclosure. Work in FY2018 will include a further review of individual contracts and development of the Company's accounting guidance. The Company expects to apply the full retrospective transition approach. Application of this approach results in the restatement of comparative information where applicable.
- IFRS 9/AASB 9 'Financial Instruments'. This standard modifies the classification and measurement of financial assets. It includes:
 - a single, principles-based approach for the classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held;
 - a new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised;
 - a modification of hedge accounting to align the accounting treatment with risk management practices of an entity. This may result in the increased application of hedge accounting.

In order to gain an understanding of the likely impacts of IFRS 9, implementation activities to date have focused on the Company's Treasury operations, which hold the majority of the Company's financial instruments. Further detailed analysis in FY2018 will focus on changes to the calculation of impairment losses on financial assets and application of the revised hedge accounting model. The Company is considering available options for transition. Based on work performed to date, the Company does not currently expect the impact of these changes to be significant.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'. This interpretation clarifies the exchange rate to be used upon recognition of an asset, liability, expense or income in circumstances when a related advance payment has been received or disbursed. The Company is currently assessing the impact of the interpretation on its Financial Statements.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Rounding of amounts

Amounts in this financial report have, unless otherwise indicated, been rounded to the nearest US dollar.

2 Expenses

| | 2017 US\$ | 2016 US\$ |
|--------------------------------------|----------------|----------------|
| Bank Charges | (1,080) | (1,081) |
| Total Administrative expenses | (1,080) | (1,081) |

3 Net finance income/(expense)

| | 2017 US\$ | 2016 US\$ |
|-------------------------------------|--------------|--------------|
| Interest income | 84 | 2 |
| Unrealised FX loss | (32) | (142) |
| Net finance income/(expense) | 52 | (140) |

4 Auditor's remuneration

| | 2017 US\$ | 2016 US\$ |
|-------------------------------------|---------------|--------------|
| Audit of these financial statements | 12,441 | 5,000 |
| Total auditor's remuneration | 12,441 | 5,000 |

In line with the contractual arrangement between the Auditors and the BHP Billiton Group, the audit fee for the financial statements of the Company is borne by another BHP Billiton Group entity and therefore not included within the Administrative expenses of the Company.

5 Taxation

| | 2017 US\$ | 2016 US\$ |
|--|--------------|--------------|
| Reconciliation of effective tax rate | | |
| Loss for the year | 1,028 | 1,221 |
| <i>Tax benefit using the UK corporation tax rate of 19.75% (2016: 20%)</i> | 203 | 244 |
| Adjustment for: | | |
| Prior year under provision | 244 | 413 |
| Total tax benefit | 447 | 657 |

On 1 April 2017, the UK corporate rate was reduced to 19%. The blended rate for 2017 financial year was 19.75%.

6 Cash and cash equivalents

For the purpose of the cash flow statement, 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.

| | 2017 US\$ | 2016 US\$ |
|---|---------------|---------------|
| Cash and cash equivalents comprise: | | |
| Cash assets | | |
| Cash in bank | 50,009 | 51,037 |
| Total cash and cash equivalents, net of overdrafts | 50,009 | 51,037 |

Notes to the Financial Statements (continued)

7 Debtors

| | 2017 US\$ | 2016 US\$ |
|-----------------------------------|--------------|--------------|
| Amount owed by group undertakings | 243 | - |
| Tax recoverable | 861 | 657 |
| Total debtors | 1,104 | 657 |

8 Share capital

| | 2017 US\$ | 2016 US\$ |
|---|---------------|---------------|
| Share capital | | |
| Balance at the start of the financial year | 91,704 | 91,704 |
| Balance at the end of the financial year | 91,704 | 91,704 |

| | 2017 Shares | 2016 Shares |
|--|----------------|----------------|
| Shares issued | | |
| Ordinary shares of £1.00 each fully paid | 50,000 | 50,000 |

9 Accumulated losses

| | 2017 US\$ | 2016 US\$ |
|--|-----------------|-----------------|
| Balance at the beginning of the financial year | (40,010) | (39,446) |
| Net loss attributable to members of BHP Billiton Finance Plc | (581) | (564) |
| Balance at the end of the financial year | (40,591) | (40,010) |

Notes to the Financial Statements (continued)

10 Financial instruments

The Company may enter into various types of financial instruments such as currency and interest rate swaps and interest rate derivatives for the purpose of managing foreign exchange and interest rate risk exposures.

The entire Company's surplus cash is invested as cash placed on deposit.

The Company's treasury policy has as its principal objective the achievement of the maximum interest rate on cash balances whilst maintaining an acceptable level of risk. Other than mentioned below there are no financial instruments, derivatives or commodity contracts used.

Financial assets and liabilities

The Company's main financial asset comprises cash and cash equivalents. As at 30 June 2017 the Company had no credit balances with group undertakings.

The Company had no financial liabilities within the scope of IAS 39 as at 30 June 2017.

Fair values

The fair value of the Company's financial assets and liabilities is not materially different from their carrying values given the short-term maturity and the low interest environment of the currencies in which these are denominated.

Market risks

- *Interest rate risk*
The Company may use derivatives, such as interest-rate swaps and forward rate agreements to manage the exposure to movements in interest rates and thus to help achieve target levels of interest income or expense.
- *Foreign exchange risk*
Foreign exchange derivatives, including forward exchange contracts, currency swaps and currency options may be used for managing currency exposure and cash management.
- *Liquidity risk*
The Company is an issuer entity under the BHP Billiton Group's A\$ 5,000,000,000 Medium Term Note Programme and under the EUR 20,000,000,000 Euro Medium Term Note Programme. The Company has not issued any debt securities under these capital market programmes and has no financial liabilities outstanding at the end of the financial period. At the approval date of these financial statements the Company is not in the process of issuing any debt securities under the above programmes.

Additionally, the Company has access to committed bank facilities totaling US\$ 6,000,000,000. As at 30 June 2017 there was US\$ nil drawn under the facility (2016: US\$ nil).

- *Credit risk*
All counterparty limits are approved according to the guidelines provided by the FRMC and banks' credit worthiness are continually reviewed in line with Group Treasury policies that are also applicable for the Company.

At the time of reporting and during the period since its incorporation the Company has not entered into any derivative contracts. At the end of the reporting period the Company's only financial instruments are cash and cash equivalents and intercompany receivables. The maximum amount of credit risk in relation to these financial assets is represented by their carrying value in the Company's balance sheet (these carrying values approximate the fair values of the financial assets).

Capital management

The Company defines capital as the total equity of the Company. The Group manages capital, including the capital of the Company with the goal of maintaining levels of gearing designed to optimise the cost of capital and return on capital employed, whilst also growing the business consistently through project developments and acquisitions. The Group's capital management programme has three priorities:

- reinvestment in projects that carry attractive rates of return regardless of the economic climate;
- commitment to a solid 'A' credit rating with a maximum gearing ratio of 40 percent; and
- returning excess capital to shareholders via dividend growth and share buybacks.

The Group's credit ratings are currently A3/P-2 and A/A-1 with Moody's and Standard & Poor's respectively. BHP Billiton's outlook remains as negative.

Notes to the Financial Statements (continued)

11 Contingencies

As at 30 June 2017 the Company had no contingent liabilities (2016: US\$ nil) in respect of bank and contractual performance guarantees and other matters arising in the ordinary course of business entered into.

12 Related parties

Identity of related parties

The Company has a related party relationship with its ultimate holding Company and its Directors.

The Company did not employ any staff during the current period, and has not employed any staff since its incorporation. None of the directors received any remuneration during the financial year in respect of their services as directors of the Company. The group accounts of its parent are required to give, on a group-wide basis, the non-audit fee disclosures required by the Regulation.

Transactions with group companies:

There is an amount owed from related party which in relation to the income tax payable absorbed by the Company on behalf of the related party. Outstanding balances at year end are unsecured and settlement occur in cash.

Transactions with key management personnel:

The Directors are the key management personnel of the Company. None of the Directors own shares in the Company.

The present directors are employed by, and receive remuneration for their services from, other Group companies.

As no significant time was spent by directors on the Company's affairs, no directors remuneration was allocated to the Company.

13 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of BHP Billiton Plc incorporated in the United Kingdom.

The largest and smallest group in which the results of the Company are consolidated is that headed by BHP Billiton Plc incorporated in the United Kingdom. The consolidated accounts of this Company are available to the public and may be obtained from Company Secretariat. Copies of the BHP Billiton Plc consolidated financial statements are available from Nova South, 160 Victoria Street London, SW1E 5LB, United Kingdom. No other group accounts include the results of the Company.

14 Dividends

There were no dividends paid or declared during the year (2016: US\$ nil).

15 Subsequent events

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may affect the operations, the results of operations or the state of affairs of the Company.
