

# FINANCIAL STATEMENTS

Contents	Page
Statement of Financial Performance	112
Statement of Financial Position	113
Statement of Cash Flows	114
Notes to financial statements	115
Directors' declaration	201
Independent audit report	201
Financial summary 1997-2001	202
Glossary of terms	204

Notes to financial statements			
1	Statement of accounting policies	115	
2	Significant items	120	
3	Revenue from ordinary activities	123	
4	Expenses from ordinary activities excluding depreciation, amortisation and borrowing costs	124	
5	Depreciation and amortisation	124	
6	Borrowing costs	124	
7	Profit and loss items	125	
8	Income tax	126	
9	Segment results	128	
10	Dividends	130	
11	Earnings per share	131	
12	Receivables (current)	131	
13	Other financial assets (current)	132	
14	Inventories (current)	132	
15	Other assets (current)	132	
16	Receivables (non-current)	132	
17	Investments accounted for using the equity method	133	
18	Other financial assets (non-current)	134	
19	Inventories (non-current)	134	
20	Property, plant and equipment	135	
21	Intangible assets	137	
22	Other assets (non-current)	137	
23	Payables (current)	137	
24	Interest bearing liabilities (current)	137	
25	Other provisions (current)	138	
26	Payables (non-current)	138	
27	Interest bearing liabilities (non-current)	138	
28	Other provisions (non-current)		140
29	Contributed equity		141
30	Employee ownership plans		142
31	Reserves		147
32	Retained profits		148
33	Outside equity interests		148
34	Total equity		148
35	Notes to the Statement of Cash Flows		149
36	Standby arrangements, unused credit facilities		152
37	Market risk, financial instruments and commodities		153
38	Contingent liabilities		162
39	Commitments for expenditure		163
40	Superannuation commitments		164
41	Remuneration of auditors		165
42	Remuneration of Directors		165
43	Retirement payments approved in general meeting		166
44	Remuneration of executive officers - domiciled in Australia		166
45	Self-insurance workers' compensation provision		167
46	Major interests in unincorporated joint ventures		168
47	Elements relating to all unincorporated joint ventures		169
48	Controlled entities		169
49	Related party disclosures		174
50	US generally accepted accounting principles disclosures		179
51	Supplementary oil and gas information		190
52	US transitional reporting requirements (unaudited)		196
53	BHP Billiton Group disclosures		200

These financial statements incorporate disclosure requirements under both Australian and US generally accepted accounting principles.

Auditors: Arthur Andersen

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FINANCIAL PERIOD ENDED (a)

	Notes	BHP Billiton Ltd Group			BHP Billiton Ltd		
		30 June 2001 \$m	30 June 2001 US\$m (b)	30 June 2000 \$m	31 May 1999 \$m	30 June 2001 \$m	30 June 2000 \$m
<b>Revenue from ordinary activities</b>							
Sales revenue	3	20 698	10 556	21 506	19 229	142	1 093
Other revenue	3	1 781	908	2 147	2 692	6 223	5 328
		22 479	11 464	23 653	21 921	6 365	6 421
<i>deduct</i>							
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	4	16 978	8 659	18 958	21 116	3 075	1 859
Depreciation and amortisation	5	2 402	1 225	2 292	2 218	32	72
Borrowing costs	6	553	282	723	732	751	671
		2 546	1 298	1 680	(2 145)	2 507	3 819
Share of net profit of associated entities accounted for using the equity method	17	29	15	30		-	-
Profit/(loss) from ordinary activities before income tax	7	2 575	1 313	1 710	(2 145)	2 507	3 819
<i>deduct/(add)</i>							
Income tax expense/(benefit) attributable to ordinary activities	8	1 066	543	117	164	(18)	96
<b>Net profit/(loss)</b>	9	<b>1 509</b>	<b>770</b>	1 593	(2 309)	<b>2 525</b>	3 723
<i>add/(deduct)</i>							
Outside equity interests in net profit/(loss)		498	254	34	(3)		
<b>Net profit/(loss) attributable to members of BHP Billiton Limited</b>		<b>2 007</b>	<b>1 024</b>	1 627	(2 312)	<b>2 525</b>	3 723
Adjustment for initial adoption of revised accounting standard AASB 1016: Accounting for Investments in Associates				250			-
Net exchange fluctuations on translation of foreign currency net assets and foreign currency interest bearing liabilities net of tax		636	324	173	(212)		
Total direct adjustments to equity attributable to members of BHP Billiton Limited		636	324	423	(212)		-
<b>Total changes in equity other than those resulting from transactions with owners</b>	34	<b>2 643</b>	<b>1 348</b>	2 050	(2 524)	<b>2 525</b>	3 723
Basic earnings per share (c)	11	54.4	27.7	44.5	(64.6)		
Diluted earnings per share (c)	11	53.9	27.5	44.1	(64.6)		

(a) 30 June 2001 refers to the year ended 30 June 2001, 30 June 2000 refers to the thirteen months ended 30 June 2000 and 31 May 1999 refers to the year ended 31 May 1999. Refer note 1 (Change of financial year).

(b) Translation of amounts from Australian dollars into US dollars has been made throughout the consolidated financial statements for the convenience of the reader at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York on Friday 29 June 2001, at US\$0.5100 = A\$1.

(c) Comparative data has been adjusted to take into account the bonus issue of shares effective 29 June 2001. Refer note 29.

## STATEMENT OF FINANCIAL POSITION

AS AT

	Notes	BHP Billiton Ltd Group			BHP Billiton Ltd	
		30 June	30 June	30 June	30 June	30 June
		2001	2001	2000	2001	2000
		\$m	US\$m	\$m	\$m	\$m
<b>Assets</b>						
<b>Current assets</b>						
Cash assets	35	1 183	603	1 039	7	4
Receivables	12	2 615	1 334	2 629	21 116	22 974
Other financial assets	13	163	83	4	-	-
Inventories	14	1 621	827	2 138	16	235
Other assets	15	219	112	271	1	2
<b>Total current assets</b>		<b>5 801</b>	<b>2 959</b>	<b>6 081</b>	<b>21 140</b>	<b>23 215</b>
<b>Non-current assets</b>						
Receivables	16	228	116	189	3 398	3 011
Investments accounted for using the equity method	17	498	254	632	-	-
Other financial assets	18	257	131	499	18 832	12 852
Inventories	19	146	74	159	-	12
Property, plant and equipment	20	20 014	10 207	19 586	72	730
Intangible assets	21	2	1	130	-	-
Deferred tax assets	8	906	462	1 268	210	131
Other assets	22	1 335	681	800	3	14
<b>Total non-current assets</b>		<b>23 386</b>	<b>11 926</b>	<b>23 263</b>	<b>22 515</b>	<b>16 750</b>
<b>Total assets</b>	9	<b>29 187</b>	<b>14 885</b>	<b>29 344</b>	<b>43 655</b>	<b>39 965</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	23	2 813	1 435	2 566	23 807	21 013
Interest bearing liabilities	24	973	496	2 530	-	7
Tax liabilities		217	111	192	26	32
Other provisions	25	1 608	820	1 535	596	537
<b>Total current liabilities</b>		<b>5 611</b>	<b>2 862</b>	<b>6 823</b>	<b>24 429</b>	<b>21 589</b>
<b>Non-current liabilities</b>						
Payables	26	34	18	45	-	-
Interest bearing liabilities	27	6 257	3 191	5 868	6 077	5 814
Deferred tax liabilities	8	1 844	940	1 896	-	-
Other provisions	28	4 193	2 138	3 707	191	237
<b>Total non-current liabilities</b>		<b>12 328</b>	<b>6 287</b>	<b>11 516</b>	<b>6 268</b>	<b>6 051</b>
<b>Total liabilities</b>		<b>17 939</b>	<b>9 149</b>	<b>18 339</b>	<b>30 697</b>	<b>27 640</b>
<b>Net assets</b>	9	<b>11 248</b>	<b>5 736</b>	<b>11 005</b>	<b>12 958</b>	<b>12 325</b>
<b>Equity</b>						
Contributed equity	29	6 013	3 067	7 093	5 443	6 523
Reserves	31	1 061	541	419	689	589
Retained profits	32	3 930	2 004	2 841	6 826	5 213
Total BHP Billiton Limited interest		<b>11 004</b>	<b>5 612</b>	<b>10 353</b>		
Outside equity interest	33	244	124	652		
<b>Total equity</b>	34	<b>11 248</b>	<b>5 736</b>	<b>11 005</b>	<b>12 958</b>	<b>12 325</b>

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED (a)

	Notes	BHP Billiton Ltd Group			BHP Billiton Ltd		
		30 June 2001 \$m	30 June 2001 US\$m	30 June 2000 \$m	31 May 1999 \$m	30 June 2001 \$m	30 June 2000 \$m
<b>Cash flows related to operating activities</b>							
Receipts from customers		21 114	10 768	20 959	19 331	184	1 141
Payments to suppliers, employees, etc.		(14 821)	(7 558)	(16 210)	(15 248)	(530)	(1 669)
Dividends received		81	41	46	20	3 474	3 720
Interest received		117	60	91	221	1 439	1 205
Borrowing costs		(650)	(332)	(916)	(1 087)	(751)	(670)
HBI Venezuela guarantee payment		(615)	(314)			(615)	
Proceeds from gas sales contract price re-negotiation		-	-	231	708	-	-
Other		388	198	337	348	142	221
Operating cash flows before income tax		5 614	2 863	4 538	4 293	3 343	3 948
Income taxes paid/refunds received		(609)	(310)	(600)	(708)	5	(17)
<b>Net operating cash flows</b>	35	<b>5 005</b>	<b>2 553</b>	<b>3 938</b>	<b>3 585</b>	<b>3 348</b>	<b>3 931</b>
<b>Cash flows related to investing activities</b>							
Purchases of property, plant and equipment		(1 966)	(1 003)	(1 102)	(2 608)	(637)	(68)
Exploration expenditure		(518)	(264)	(373)	(643)	-	-
Purchases of investments		(686)	(350)	(438)	(137)	-	-
Purchases of, or increased investment in, controlled entities and joint venture interests net of their cash		(704)	(359)	-	(75)	-	-
Investing outflows		(3 874)	(1 976)	(1 913)	(3 463)	(637)	(68)
Proceeds from sale of property, plant and equipment		163	83	741	548	47	76
Proceeds from sale or redemption of investments		456	233	242	361	8	79
Proceeds from OneSteel spin-out		660	337			575	
Proceeds from sale or partial sale of controlled entities and joint venture interests net of their cash		407	207	698	1 290	523	2
<b>Net investing cash flows</b>		<b>(2 188)</b>	<b>(1 116)</b>	<b>(232)</b>	<b>(1 264)</b>	<b>516</b>	<b>89</b>
<b>Cash flows related to financing activities</b>							
Proceeds from ordinary share issues, etc.		142	72	275	149	82	271
Proceeds from interest bearing liabilities		769	392	1 658	2 018	-	-
Repayment of interest bearing liabilities		(2 683)	(1 368)	(4 867)	(4 310)	-	-
Dividends paid		(926)	(472)	(498)	(520)	(888)	(463)
Net financing of controlled entities						(3 026)	(3 834)
Other		-	-	82	(14)	(22)	-
<b>Net financing cash flows</b>		<b>(2 698)</b>	<b>(1 376)</b>	<b>(3 350)</b>	<b>(2 677)</b>	<b>(3 854)</b>	<b>(4 026)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>119</b>	<b>61</b>	<b>356</b>	<b>(356)</b>	<b>10</b>	<b>(6)</b>
Cash and cash equivalents at beginning of period		937	478	573	949	(3)	3
Effect of foreign currency exchange rate changes on cash and cash equivalents		55	27	8	(20)	-	-
<b>Cash and cash equivalents at end of period</b>	35	<b>1 111</b>	<b>566</b>	<b>937</b>	<b>573</b>	<b>7</b>	<b>(3)</b>

(a) 30 June 2001 refers to the year ended 30 June 2001, 30 June 2000 refers to the thirteen months ended 30 June 2000 and 31 May 1999 refers to the year ended 31 May 1999. Refer note 1 (Change of financial year).

# NOTES TO FINANCIAL STATEMENTS

## 1 Statement of accounting policies

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The policies are consistent with those applied in the prior two years except for:

### (a) New accounting standards

**Revised Australian Accounting Standard AASB 1041: Revaluation of Non-Current Assets** was first adopted from 1 July 2000 resulting in property, plant and equipment and other financial assets previously carried at valuation being reverted to a cost basis of measurement. For the purposes of transitioning to a cost basis, the existing revalued carrying amounts at 1 July 2000 were deemed to be their cost. The change in policy had no impact on net profit attributable to members of BHP Billiton Limited.

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 July 2000 of the revised standards AASB 1018: Statement of Financial Performance, AASB 1034: Financial Report Presentation and Disclosures and the new AASB 1040: Statement of Financial Position.

### (b) Change in accounting policies

As a consequence of the Dual Listed Companies (DLC) structure established between BHP Billiton Limited and BHP Billiton Plc which became effective on 29 June 2001, certain accounting policies of the BHP Billiton Limited Group have been changed to align with the policies of the BHP Billiton Plc Group in order to minimise differences between results reported in the UK and Australian jurisdictions. The following revised accounting policies have been adopted for the year ended 30 June 2001:

#### *Provision for restoration and rehabilitation*

In prior periods the BHP Billiton Limited Group had recognised provisions for restoration on a progressive basis over the life of each asset. At 30 June 2001, this policy was changed such that a provision for the full cost expected to be incurred at the end of the life of each asset on a discounted to net present value basis is recognised at the beginning of each project and capitalised as part of the cost of the asset. The capitalised cost is amortised over the life of the operation and the annual increase in the net present value of the provision for the expected cost is included in expenses from ordinary activities. The effect of

this policy change for the year ended 30 June 2001 has been an increase in net profit attributable to members of BHP Billiton Limited of \$55 million.

#### *Pension costs*

In prior periods the BHP Billiton Limited Group had recognised an expense for defined benefit pensions when contributions were paid. At 30 June 2001, this policy was changed such that expenses for defined benefit pension schemes are recognised so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice. A pension obligation or asset is consequently recognised in the Statement of Financial Position to the extent that the contributions paid either lag or precede expense recognition. The effect of this policy change for the year ended 30 June 2001 has been to recognise a net asset representing the fund surplus and an increase in net profit attributable to members of BHP Billiton Limited of \$265 million.

#### *Employee compensation costs*

In prior periods, the BHP Billiton Limited Group included in the Statement of Financial Performance the cost associated with Performance Rights at the time they were exercised. Costs associated with the exercise of options were not included in the Statement of Financial Performance. At 30 June 2001, this policy was changed such that the estimated cost to the BHP Billiton Limited Group on exercise of Performance Rights and, where applicable, the cost associated with the discount on issue of options is included in the Statement of Financial Performance over the likely vesting period, with a corresponding provision for employee benefits being included in the Statement of Financial Position. At the time the Performance Rights or options vest, an adjustment is made to reflect the actual cost to the BHP Billiton Limited Group. The effect of this policy change for the year ended 30 June 2001 has been a decrease in net profit attributable to members of BHP Billiton Limited of \$5 million.

In future periods, compensation cost (ie. 25% uplift) associated with the BHP Billiton Limited Group Bonus Equity Share Plan will be included in the Statement of Financial Performance over the period of entitlement or part thereof.

A reconciliation of the major differences between the financial statements prepared under Australian generally accepted accounting principles (GAAP) and those applicable under US GAAP is included in note 50.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**1 Statement of accounting policies continued****Change of company name**

During the financial year ended 30 June 2001, The Broken Hill Proprietary Company Limited changed its name to BHP Limited with effect from 30 October 2000, and subsequently to BHP Billiton Limited with effect from 29 June 2001.

**Change of financial year**

Directors announced on 17 December 1999 that the financial year end for the BHP Billiton Limited Group would change from 31 May to 30 June with effect from 30 June 2000.

Pursuant to Section 340 of the Corporations Act ('the Act'), the Australian Securities and Investments Commission granted relief from the requirements of paragraph 323D(2)(b) of the Act permitting BHP Billiton Limited to change its financial period end and adopt a transitional thirteen month financial year of 1 June 1999 to 30 June 2000.

The current financial period covered by these financial statements is the year ended 30 June 2001. All references to 30 June 2000 is to the thirteen months ended 30 June 2000 and references to 31 May 1999 are to the year ended 31 May 1999.

**General system of accounting**

Subject to the exceptions noted in the paragraphs below dealing with valuation of investments and property, plant and equipment, the accounts are drawn up on the basis of historical cost principles.

**Currency of presentation**

All amounts are expressed in Australian dollars unless otherwise stated.

**Principles of consolidation**

The consolidated accounts of the economic entity referred to as the BHP Billiton Limited Group include the parent entity BHP Billiton Limited and controlled entities as defined by Australian Accounting Standard AASB 1024: Consolidated Accounts. A list of controlled entities is contained in note 48.

In preparing the consolidated accounts, the effects of all transactions between entities within the BHP Billiton Limited Group have been eliminated.

**Rounding of amounts**

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

**Comparatives**

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

**Borrowing costs**

Borrowing costs are generally expensed as incurred except where they relate to the financing of qualifying assets under construction where they are capitalised up to the date of commissioning.

**Foreign currency transactions**

The BHP Billiton Limited Group is Australian-based with significant international operations. The consolidated financial statements are prepared in Australian currency. It has significant transactions denominated in foreign currencies (predominantly US dollars).

- *Transactions of Australian entities*

Transactions in foreign currencies are translated at rates of exchange which approximate those applicable at the date of each transaction. Foreign currency balances arising from these transactions are translated at the rates of exchange ruling at balance date. The effect of hedging is taken to account in the measurement of relevant transactions. With the exception of interest bearing liabilities hedged by net foreign assets, exchange fluctuations arising from foreign currency transactions and balances are included in the Statement of Financial Performance.

- *Foreign operations*

Each foreign operation is accounted for in its functional currency, i.e. the currency of its primary economic environment. All foreign operations are self-sustaining operations. As such, the financial statements of these operations are translated using the current rate method.

No material foreign operation of the BHP Billiton Limited Group is accounted for in a currency having a high rate of inflation.

- *Net foreign assets and foreign currency interest bearing liabilities*

Exchange fluctuations arising from the translation of net assets of self-sustaining foreign operations are taken to the exchange fluctuation account. Exchange fluctuations on the translation of foreign currency denominated interest bearing liabilities of Australian entities, after allowing for tax as applicable, are taken to the exchange fluctuation account to the extent that such interest bearing liabilities are effectively hedged by net foreign assets, otherwise they are included in the Statement of Financial Performance.

**Sales revenue**

Revenue from the sale of goods and disposal of other assets is recognised when the economic entity has passed control of the goods or other assets to the buyer.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**1 Statement of accounting policies continued****Exploration, evaluation and development expenditure**

Exploration and evaluation expenditure is included in the Statement of Financial Performance as incurred, except in the case of areas of interest where:

- (a) it is expected that the expenditure will be recouped by future exploitation or sale; or
- (b) at balance date, exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

In these cases, the expenditure is capitalised. Where the expenditure together with the relevant development costs are capitalised, the amounts so capitalised are depreciated over the period of expected benefit. Each area of interest is reviewed regularly to determine its economic viability, and to the extent that it is considered that the relevant expenditure will not be recovered, it is written off.

**Research expenditure**

Expenditure for research is included in the Statement of Financial Performance as and when incurred on the basis that continuing research is part of the overall cost of being in business, except to the extent that future benefits deriving from those costs are expected beyond any reasonable doubt to exceed those costs, in which case it is capitalised and amortised over the period of expected benefit.

**Provision for restoration and rehabilitation**

Provision is made in the accounts for restoration and rehabilitation costs, mainly for areas from which natural resources are extracted.

The expected cost of any committed decommissioning or restoration program, discounted to its net present value, is provided and capitalised at the beginning of each project. The capitalised cost is amortised over the life of the operation and the annual increase in the net present value of the provision for the expected cost is included in expenses from ordinary activities.

Expected cost is based on current costs and current technology, encompassing the closure and removal or disposal of facilities, and site cleanup and rehabilitation. Much of the restoration and rehabilitation work can be done only after the termination of operations, which will generally be many years hence, and accordingly the consideration of work required takes into account current and anticipated legal obligations and industry best practice.

**Taxation**

Tax effect accounting is applied in respect of income tax and resource rent tax. Deferred tax liabilities, the provision for resource rent tax (non-current liabilities) and deferred tax assets (non-current assets) represent the tax effect of timing differences which arise from the recognition in the accounts of items of revenue and expense in periods different to those in which they are assessable or allowable for income tax or resource rent tax purposes.

Income taxes have not been provided on undistributed overseas earnings of controlled entities to the extent the earnings are intended to remain indefinitely invested in those entities. Any such amount is immaterial.

Future income tax and capital gains tax benefits in respect of losses incurred by BHP Billiton Limited Group companies together with carried forward resource rent tax benefits are included in the Statement of Financial Performance where realisation of the benefits is considered to be virtually certain. In so doing it is recognised that the realisation of the benefits will depend upon:

- (a) an expectation that legislation will not change in a manner which would adversely affect the ability of the companies concerned to realise the benefits;
- (b) the ability of the companies concerned to comply with the conditions for deductibility imposed by law; and
- (c) the ability of the companies concerned to either derive future assessable income of a nature and of sufficient amount to enable the benefits to be realised, or to transfer tax losses to related companies.

Deferred tax assets and liabilities are carried at the rates that are expected to apply when the balances are settled.

Capital gains tax, if applicable, is provided for in establishing period income tax when an asset is sold. Revaluations of non-current assets in prior years, take account of any potential capital gains tax.

**Recoverable amounts of non-current assets**

All non-current assets are reviewed at least bi-annually to determine whether their carrying amounts require write-down to recoverable amount. Estimated recoverable amount is determined using expected net cash flows discounted at an interest rate based on the long term interest bearing liabilities of the BHP Billiton Limited Group. For the current year the discount rate was 7.1% (2000 - 7.1%).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

### 1 Statement of accounting policies continued

#### Investments accounted for using the equity method

Investments in associated entities have been accounted for under the equity method in the consolidated financial statements and the cost method in the subsidiary financial statements.

#### Other financial assets

Investments in controlled entities are recorded at deemed cost following adoption of revised AASB 1041: Revaluation of Non-Current Assets at 1 July 2000.

Other investments are recorded at cost and dividends are credited to profit on a receivable basis. Interest is included in the Statement of Financial Performance on an accrual basis.

Interests in partnerships are recognised by including in the accounts the BHP Billiton Limited Group's portion of the partnership profits. The investment value is affected by the share of profits, equity contributions, advances and any distribution of partnership profits to the equity partners. These are classified in the Statement of Financial Position as other financial assets.

#### Joint ventures

Interests in unincorporated joint ventures are recognised by including in the accounts under the appropriate items the BHP Billiton Limited Group's proportion of the joint venture costs, assets and liabilities. The major interests in unincorporated joint ventures are listed in note 46, with assets listed in note 47.

#### Inventories

Inventories, including work in progress, are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of average costs. In some cases, the first-in-first-out method or actual cost is used. For processed inventories, cost, which includes fixed and variable overheads, is derived on an absorption costing basis.

#### Deferred overburden removal costs

Where appropriate the costs associated with removing overburden from mines are deferred and included in the Statement of Financial Performance on a unit of production basis utilising average stripping ratios.

#### Property, plant and equipment

##### - Valuation in accounts

Property, plant and equipment has been recorded at deemed cost following adoption of revised AASB 1041: Revaluation of Non-Current Assets at 1 July 2000. Comparatives have been restated accordingly.

##### - Current values of land and buildings

The current value of land is determined mainly by reference to rating authority valuations, or cost for recent acquisitions, except where land is an integral part of a producing asset with no significant value beyond such use, in which case book value is used.

The current value of buildings is based primarily on depreciated replacement value. Buildings which are integral parts of producing plant are classified as plant and equipment and accordingly excluded from this valuation.

The current values of land and buildings are disclosed in note 20.

##### - Disposals

Disposals are taken to account in profit/(loss) from ordinary activities, except where they represent the sale or abandonment of a significant business or all of the assets associated with such a business, and are not considered to be of a recurring nature, in which case they are treated as extraordinary items.

##### - Depreciation of property, plant and equipment

Depreciation is provided on buildings, plant, machinery, mineral rights and other items used in producing revenue, at rates based on the following expected useful lives:

Buildings	– up to 40 years
Plant, machinery and equipment	– up to 30 years
Mineral rights	– based on the estimated life of reserves
Exploration, evaluation and development expenditures	– based on the estimated life of reserves
Capitalised leased assets	– up to 30 years or life of lease, whichever is shorter
Computer systems	– up to 8 years

#### Leased assets

Assets acquired under finance leases are capitalised. Lease payments are allocated between borrowing costs and a reduction in the lease liability.

Operating lease assets are not capitalised and, except as described below, rental payments are included in the Statement of Financial Performance in the period in which they are incurred. Provision is made for future operating lease payments in relation to surplus lease space when it is first determined that the space will be of no probable future benefit. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the liability.



## NOTES TO FINANCIAL STATEMENTS CONTINUED

**1 Statement of accounting policies continued****Intangible assets**

Amounts paid for identifiable (patents, trademarks and licences) and unidentifiable (goodwill) intangible assets are capitalised and then amortised on a straight line basis over the expected periods of benefit. The maximum period applied for goodwill is twenty years, and unamortised balances are reviewed at each balance date to assess the probability of continuing future benefits.

**Provision for employee benefits**

Provision is made in the accounts for all employee benefits, including on-costs. In relation to industry-based long service leave funds, the BHP Billiton Limited Group's share of receivables and payables, including obligations for funding shortfalls, have been recognised.

Expenses for defined benefit pension schemes and unfunded post retirement medical schemes are recognised so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice. A pension obligation or asset is consequently recognised in the Statement of Financial Position to the extent that the contributions paid either lag or precede expense recognition.

**Employee ownership plans**

For the BHP Billiton Limited Group these comprise an Employee Share Plan, Performance Rights, Bonus Equity Share Plan and an Executive Share Scheme, details of which are described in note 30.

Shares issued under the Employee Share Plan and Bonus Equity Share Plan are treated as equity contributions; where applicable loans to fund the purchase of these shares are shown as receivables. No equity contributions are recognised at the time of issuing either Performance Rights or options under the Employee Share Plan. If exercised, contributions are recognised as equity. Shares issued under the Executive Share Scheme are treated as equity to the extent the shares are paid up.

For the purpose of disclosure required by US Statement of Financial Accounting Standards No. 123, where appropriate a 'fair value' of these securities is determined using modified Black-Scholes option pricing techniques. Refer note 30.

**Derivatives**

The BHP Billiton Limited Group is exposed to changes in interest rates, foreign currency exchange rates and commodity prices and, in certain circumstances, uses derivative financial instruments to hedge these risks.

When undertaking risk mitigation transactions, hedge accounting principles are applied, whereby derivatives are matched to the specifically identified commercial risks being hedged. These matching principles are applied to both matured and unmatured transactions. Derivatives undertaken as hedges of anticipated transactions are recognised when such transactions are recognised. Upon recognition of the underlying transaction, derivatives are valued at the appropriate market spot rate.

When an underlying transaction can no longer be identified, gains or losses arising from a derivative that has been designated as a hedge of that transaction will be included in the Statement of Financial Performance whether or not such derivative is terminated.

When a hedge is terminated, the deferred gain or loss that arose prior to termination is:

- (a) deferred and included in the measurement of the anticipated transaction when it occurs; or
- (b) included in the Statement of Financial Performance where the anticipated transaction is no longer expected to occur.

The premiums paid on interest rate options and foreign currency put and call options are included in other assets and are deferred and included in the settlement of the underlying transaction.

When undertaking strategic financial transactions, all gains and losses are included in the Statement of Financial Performance at the end of each reporting period. The premiums paid on strategic financial transactions are included in the Statement of Financial Performance at the inception of the contract.

The BHP Billiton Limited Group's objectives for the use of derivatives are stated in note 37.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

		Gross	Tax	Net	Net
		\$m	\$m	\$m	US\$m
<b>2 Significant items</b>					
<b>Individually significant items (before outside equity interests) included within BHP Billiton Limited Group net profit/(loss):</b>					
<b>2001</b>					
Asset write-offs and provisions:					
Minerals:	Ok Tedi (a)	(832)	28	(804)	(410)
	HBI Venezuela (b)	(356)	-	(356)	(182)
Group and unallocated items:	HBI Venezuela (b)	(672)	217	(455)	(232)
		(1 860)	245	(1 615)	(824)
Asset sales:					
Minerals:	Equalisation of Queensland Coal interests (c)	248	-	248	127
		248	-	248	127
Restructuring costs and provisions:					
Minerals		(32)	9	(23)	(12)
Steel		(44)	15	(29)	(15)
Group and unallocated items		(14)	4	(10)	(5)
		(90)	28	(62)	(32)
Merger costs:					
Group and unallocated items		(71)	-	(71)	(36)
		(71)	-	(71)	(36)
Changes in accounting policy:					
Minerals:	Restoration and rehabilitation	(78)	24	(54)	(28)
Petroleum:	Restoration and rehabilitation	156	(47)	109	56
Group and unallocated items:	Pension plans	379	(114)	265	135
		457	(137)	320	163
Income tax audit – Non-deductibility of financing costs:					
Group and unallocated items (d)			(63)	(63)	(32)
			(63)	(63)	(32)
<b>Total</b>		<b>(1 316)</b>	<b>73</b>	<b>(1 243)</b>	<b>(634)</b>
<b>2000</b>					
Asset write-offs:					
Minerals		(1 138)	344	(794)	
		(1 138)	344	(794)	
Asset sales: (e)					
Petroleum		150	(1)	149	
Steel		(227)	4	(223)	
Services (f)		63	-	63	
		(14)	3	(11)	
Restructuring costs and provisions:					
Minerals		(9)	1	(8)	
Petroleum		(21)	7	(14)	
Steel		(31)	11	(20)	
Group and unallocated items		(42)	16	(26)	
		(103)	35	(68)	
Restatement of deferred tax balances as a consequence of the change in tax rate from 36% to 34% and 30% applicable from 1 July 2000 and 2001 respectively:					
Minerals			58	58	
Petroleum			36	36	
Steel			87	87	
Net unallocated interest			(3)	(3)	
Group and unallocated items			(12)	(12)	
			166	166	

## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>2 Significant items continued</b>	Gross \$m	Tax \$m	Net \$m
2000 continued			
Tax benefit on finalisation of funding arrangements:			
Group and unallocated items		302	302
		302	302
<b>Total</b>	<b>(1 255)</b>	<b>850</b>	<b>(405)</b>
1999			
Asset write-downs and provisions:			
Minerals	(3 395)	399	(2 996)
Petroleum	(210)	-	(210)
Steel	(105)	-	(105)
Group and unallocated items	(13)	-	(13)
	(3 723)	399	(3 324)
Asset sales: (g)			
Minerals	343	4	347
Petroleum	120	1	121
Services (f)	172	1	173
Group and unallocated items	9	(3)	6
	644	3	647
<b>Total</b>	<b>(3 079)</b>	<b>402</b>	<b>(2 677)</b>
<b>Individually significant items included within BHP Billiton Limited net profit/(loss):</b>			
<b>2001</b>			
Asset write-off and provision:                      HBI Venezuela (b)	<b>(672)</b>	<b>217</b>	<b>(455)</b>
Merger costs	<b>(71)</b>	<b>-</b>	<b>(71)</b>
Income tax audit – Non-deductibility of financing costs (d)		<b>(63)</b>	<b>(63)</b>
<b>Total</b>	<b>(743)</b>	<b>154</b>	<b>(589)</b>
2000			
Nil			
1999			
Asset sale (g)	273	-	273

(a) The BHP Billiton Limited Group has been negotiating with the other shareholders on the terms and conditions related to its exit from Ok Tedi. Based upon the status of these negotiations it has been decided to write-off the BHP Billiton Limited Group's share of Ok Tedi's net assets (\$286 million after tax and outside equity interests). The Minerals segment results include an \$804 million write-off reflecting 100% of the net assets of Ok Tedi which is prior to deducting outside equity interests of \$518 million. From 1 July 2001 no BHP Billiton Limited Group profit from Ok Tedi will be recognised except to the extent that actual dividends are received by the BHP Billiton Limited Group.

(b) The BHP Billiton Limited Group announced on 29 March 2001 that it would cease further investment in HBI Venezuela. Based upon changing operating and market conditions, the plant is not expected to meet the operational and financial performance targets necessary to justify further investment in the project. The total loss on the write-off of the equity investment in HBI Venezuela and the establishment of provisions to cover related financial obligations to banks and other associated costs is \$811 million, of which \$356 million is reported in the Minerals segment and \$455 million is reported in Group and unallocated items.

(c) The net profit from the equalisation of Queensland Coal interests of \$248 million includes proceeds of \$760 million which have been included in other revenue.

(d) Refer page 122 Income tax audit - Non-deductibility of financing costs.

(e) Net profit from asset sales in 2000 includes proceeds of: Petroleum \$327 million, Steel \$437 million and Services \$81 million, which have been included in other revenue.

(f) Following various asset sales and an internal reorganisation, the Services segment ceased to exist from 1 July 2000. As a consequence, Transport and Logistics is reported in the Steel segment and remaining services businesses including Shared Business Services, Insurances and Corporate Services are reported in Group and unallocated items. Comparative data has been adjusted accordingly. 2000 and 1999 data for Services mainly relates to businesses now sold.

(g) Net profit from asset sales in 1999 includes proceeds of: Minerals \$619 million, Petroleum \$276 million and Services \$489 million, which has been included in other revenue. BHP Billiton Limited net profit from the asset sale in 1999 includes proceeds of \$438 million, which has been included as other revenue.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 2 Significant items continued

## Other significant matters related to the BHP Billiton Limited Group:

## 2001

– **BHP Billiton DLC structure**

On 29 June 2001 BHP Billiton Limited (formerly BHP Limited) and BHP Billiton Plc (formerly Billiton Plc) established a DLC structure to create a diversified global resources group, called BHP Billiton. Under the terms of the DLC structure one existing BHP Billiton Plc share had an economic interest equivalent to 0.4842 existing BHP Billiton Limited shares and to ensure that the economic and voting interest of each BHP Billiton Limited and BHP Billiton Plc share was equivalent there was a bonus issue to BHP Billiton Limited shareholders at a ratio of 1.0651 additional BHP Billiton Limited shares for each existing share held on 5 July 2001. The bonus share issue was effective 29 June 2001. The DLC structure means that the existing primary listings on the Australian and London stock exchanges will be maintained, as will the secondary listing on the Johannesburg Stock Exchange, (and an American Depositary Receipt listing on the New York Stock Exchange). For details of the DLC structure and a proforma Statement of Financial Position for the BHP Billiton Group at 30 June 2001, refer to note 53.

– **Income tax audit – Non-deductibility of financing costs**

As a consequence of an income tax audit conducted by the Australian Taxation Office (ATO), an amount of \$229 million has been subject to litigation.

The dispute concerns the deductibility of financing costs paid to General Electric Company in connection with the BHP Billiton Limited Group's acquisition of the Utah Group in the early 1980's. On 23 November 1999, the Federal Court ruled in favour of the BHP Billiton Limited Group. On 18 October 2000, the Full Bench of the Federal Court ruled in favour of the ATO. The BHP Billiton Limited Group sought leave to appeal to the High Court of Australia (High Court) and the hearing occurred on 10 August 2001. The High Court has refused the BHP Billiton Limited Group leave to appeal on the general question of deductibility but did allow leave to appeal on the question of whether the ATO had the power to amend the 1985 assessment.

An amount of \$79 million was paid in 1992 and up to 2001 was accounted for as a non-current asset. At 30 June 2001, the accounts have been adjusted to include a tax expense of \$63 million relating to refusal of the High Court to grant leave to appeal on the deductibility of financing costs. A non-current asset of \$16 million will be carried forward.

In July 2001, the outstanding balance of \$150 million was paid. This amount will also be recorded as a non-current asset in the 2002 fiscal year. This together with the \$16 million

carried forward from the 2001 year represents the tax and interest in dispute in relation to the 1985 assessment.

– **Spin-out of steel businesses**

The long products steel business was spun-out with effect from 31 October 2000 via OneSteel Limited. As a result of this transaction, contributed equity was reduced by \$1 244 million, including spin-out costs of \$57 million. This reflected a capital reduction of \$0.66 per share. The spin-out resulted in BHP Billiton Limited shareholders being issued one OneSteel Limited share for every four shares held in BHP Billiton Limited.

On 19 March 2001, BHP Billiton Limited announced its intention to spin-out the remaining steel businesses. The spin-out is expected to be completed no later than the end of the 2002 financial year.

– **Acquisition of Dia Met Minerals Ltd**

The BHP Billiton Limited Group successfully acquired 98.2% of the Class A subordinate voting shares (Class A shares) and 84.9% of the Class B multiple voting shares (Class B shares) of Dia Met Minerals Ltd (Dia Met) for C\$21.00 per share. This price valued Dia Met at \$813 million. The BHP Billiton Limited Group intends to exercise its statutory right to compulsorily acquire the remaining Class A shares. Following this, the BHP Billiton Limited Group may consider a "going private" transaction to acquire the remaining Class B shares. Dia Met is a publicly traded Canadian minerals exploration and development company with a primary focus on diamonds. Dia Met's principal asset is a 29% joint venture interest in the Ekati™ diamond mine.

– **Acquisition of QCT Resources Ltd (QCT)**

BHP Billiton Limited and Mitsubishi jointly acquired QCT during the current year. In December 2000 a range of integration activities were announced including the closure of South Blackwater (Queensland) underground mining by December 2001 and the combining of the South Blackwater open cut operations with the existing Central Queensland Coal Associates (CQCA) Blackwater mine. Subsequently in June 2001, the BHP Billiton Limited Group and Mitsubishi completed an agreement to move to equal ownership of their interests in the CQCA and Gregory joint ventures. The agreement resulted in the transfer of 18.285% of the CQCA joint venture and 30.325% of the Gregory joint venture from the BHP Billiton Limited Group to Mitsubishi for \$1 005 million, comprising net proceeds from the sale of approximately \$760 million together with \$245 million mainly representing the assumption by Mitsubishi of the BHP Billiton Limited Group's share of debt held by QCT. The BHP Billiton Limited Group and Mitsubishi will jointly operate the assets and market the coal produced.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**2 Significant items continued****– Share buy-back program**

BHP Billiton Limited announced an on-market share buy-back program for the purchase of up to 90 million shares (approximately five percent of issued capital). Following implementation of the DLC structure, the buy-back program has been adjusted such that the number of shares to be purchased continues to represent approximately five percent of issued capital. The buy-back program is expected to be completed by September 2002, depending on market circumstances. As at 30 June 2001, there have been no shares bought back under this program.

2000

**– Change of financial year**

Directors announced on 17 December 1999 that the financial year end for the BHP Billiton Limited Group would change from 31 May to 30 June with effect from 30 June 2000. All subsequent financial years commence on 1 July and end on 30 June.

1999

**– Beswick Pty Limited restructure**

A resolution was passed at an extraordinary general meeting of BHP Billiton Limited shareholders on Friday 26 February 1999, to enter into the BHP Buy-back Agreement. This agreement enabled the buy-back and cancellation of BHP Billiton Limited shares held by the Beswick Group in four separate tranches during March 1999. Total cash outflow of this transaction was \$74 million required to buy-back, from Foster's Brewing Group Limited (Foster's) and ANZ Executors and Trustee Company Limited, the shares previously held by them in Beswick Pty Limited.

<b>3 Revenue from ordinary activities</b>	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
Sales revenue						
Sale of goods (a)	20 056	10 229	20 904	18 549	142	1 086
Rendering of services	642	327	602	680	-	7
Total sales revenue	20 698	10 556	21 506	19 229	142	1 093
Other revenue						
Interest income	110	56	96	175	1 439	1 205
Dividend income	27	14	19	20	3 474	3 720
Proceeds from sales of non-current assets	1 077	549	1 761	2 230	1 117	180
Management fees	43	22	33	35	189	159
Other income (b)	524	267	238	232	4	64
Total other revenue	1 781	908	2 147	2 692	6 223	5 328

(a) Cost of goods sold for the BHP Billiton Limited Group was \$10 239 million (BHP Billiton Limited - \$117 million). Comparative data has not been provided as revised AASB 1018: Statement of Financial Performance does not require this disclosure for prior reporting periods.

(b) 2001 for the BHP Billiton Limited Group includes \$379 million arising from the accounting policy change for pension plans. Refer note 1 (Change in accounting policies).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

4 Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs (a)	2001	BHP Billiton Ltd Group			BHP Billiton Ltd	
	\$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
Employee benefits expense	2 687	1 371			209	
Raw materials and consumables used	3 091	1 577			20	
Changes in inventories of finished goods and work in progress	104	53			89	
Net book value of non-current assets sold	689	351			1 261	
Diminution in value of non-current assets	1 266	645			454	
Other expenses from ordinary activities	9 141	4 662			1 042	
Total expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	16 978	8 659	18 958	21 116	3 075	1 859

(a) Comparative data has not been provided as revised AASB 1018: Statement of Financial Performance does not require this disclosure for prior reporting periods.

5 Depreciation and amortisation						
Depreciation relates to						
Buildings	141	72	132	123	12	5
Plant, machinery and equipment	1 948	993	1 857	1 780	20	66
Mineral rights	52	27	69	61	-	-
Exploration, evaluation and development expenditure	252	128	213	213	-	1
Capitalised leased assets	4	2	4	8	-	-
Total depreciation	2 397	1 222	2 275	2 185	32	72
Amortisation relates to						
Goodwill	5	3	16	31	-	-
Other	-	-	1	2	-	-
Total amortisation	5	3	17	33	-	-
Total depreciation and amortisation	2 402	1 225	2 292	2 218	32	72

6 Borrowing costs						
Borrowing costs paid or due and payable						
on interest bearing liabilities	576	294	738	921	749	666
on finance leases	5	2	4	5	2	6
Total borrowing costs	581	296	742	926	751	672
<i>deduct</i>						
Amounts capitalised (a)	28	14	19	194	-	1
Borrowing costs charged against net profit/(loss) from ordinary activities	553	282	723	732	751	671

(a) Amounts have been capitalised at a weighted average rate of 6.6% (2000 - 6.4%) on funds borrowed generally.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

7 Profit and loss items	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
<b>Net profit/(loss) from ordinary activities is after crediting the following items:</b>						
Profits from sales of						
investments	56	28	290	751	16	3
property, plant and equipment	405	207	231	158	9	31
Net movement in the doubtful debts provision in respect of						
trade receivables	5	3	3	(3)	-	3
sundry receivables	(4)	(2)	-	-	15	(37)
<b>Net profit/(loss) from ordinary activities is after charging the following items:</b>						
Group centre, general and administrative expenses	191	97	132	143	191	132
Losses from sales of						
investments	38	19	274	1	10	31
property, plant and equipment	35	18	46	37	159	1
Diminution in value of						
investments	332	169	8	60	454	103
property, plant and equipment (excluding depreciation)	839	428	1 163	2 509	7	13
inventories	14	7	24	132	-	-
intangibles	-	-	-	156	-	-
other non-current assets	81	41	4	59	-	-
Exploration, evaluation and development expenditures incurred and expensed in current period	394	201	293	454	-	-
previously capitalised, written off as unsuccessful or abandoned	33	17	16	21	-	-
Rental expense in respect of operating leases	535	273	509	500	22	25
Government royalties paid and payable						
to Australian governments	339	173	285	291	-	3
to other	117	60	141	109	-	-
Net foreign exchange gain/(loss)	56	29	(20)	65	(1)	2
Bad debts written off in respect of						
trade receivables	4	2	5	9	-	-
sundry receivables	-	-	-	1	-	-
Research and development costs before crediting related grants	35	18	94	221	-	5
Material transfers to provision for						
resource rent tax	1 196	610	740	301	-	-
employee benefits	354	181	429	509	10	81
restoration and rehabilitation (a)	125	64	83	113	-	3
restructuring	91	46	130	1 005	51	65

(a) 2001 excludes \$363 million charged to profit as a result of the change in accounting policy for restoration and rehabilitation. Refer note 1 (Change in accounting policies), and note 28.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

8 Income tax	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
<b>Income tax expense</b>						
Prima facie tax calculated at 34 cents (2000 - 36 cents; 1999 - 36 cents) in the dollar on profit/(loss) from ordinary activities	876	447	616	(772)	852	1 375
<i>deduct/(add)</i> tax effect of						
Investment and development allowance	39	20	56	39	-	-
Rebate for dividends	6	3	2	2	979	1 339
Amounts over/(under) provided in prior years	50	25	103	100	6	(3)
Deferred tax restatement	16	8	166	-	-	-
Non-tax effected gains/(losses)	14	7	(28)	(213)	-	-
Non-tax effected capital gains	140	71	22	234	-	-
Recognition of prior year tax losses	266	136	187	85	-	-
Overseas tax rate changes	31	16	-	5	-	-
Research and development incentive	3	2	1	9	-	-
	311	159	107	(1 033)	(133)	39
<i>add/(deduct)</i> tax effect of						
Non-deductible accounting depreciation and amortisation	32	16	60	67	-	1
Non-deductible dividends on redeemable preference shares	51	26	67	65	-	-
Tax differential - non Australian income	52	27	(12)	-	-	-
Foreign expenditure including exploration not presently deductible	107	54	66	134	-	-
Investment and asset write-offs and associated losses/(gains)	321	164	(236)	916	-	-
Non-deductible financing costs	63	32	-	-	63	-
Foreign exchange/other	129	65	65	15	52	56
<b>Income tax expense/(benefit) attributable to ordinary activities</b>	<b>1 066</b>	<b>543</b>	<b>117</b>	<b>164</b>	<b>(18)</b>	<b>96</b>
<i>deduct/(add)</i>						
Income tax benefit/(expense) arising from items taken to exchange fluctuation account (a)	142	72	56	(112)		
<b>Total income tax taken to account</b>	<b>924</b>	<b>471</b>	<b>61</b>	<b>276</b>	<b>(18)</b>	<b>96</b>

Deferred tax assets (non-current)	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Future income tax benefit at period end comprises:					
Timing differences					
Depreciation	(47)	(24)	(12)	26	(47)
Exploration expenditure	254	130	212	-	-
Provisions					
– employee benefits	52	27	66	14	37
– restoration and rehabilitation	75	38	161	35	38
– resource rent tax	169	86	138	-	-
– other	42	21	40	27	12
Foreign exchange losses	164	84	117	-	-
Profit in stocks elimination	10	5	32	-	-
Other	(11)	(6)	(105)	92	12
Tax effected losses	182	93	540	-	-
	890	454	1 189	194	52
Income tax paid subject to litigation (b)	16	8	79	16	79
<b>Total deferred tax assets</b>	<b>906</b>	<b>462</b>	<b>1 268</b>	<b>210</b>	<b>131</b>



## NOTES TO FINANCIAL STATEMENTS CONTINUED

8 Income tax continued	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001	2001	2000	2001	2000
Deferred tax liabilities (non-current)	\$m	US\$m	\$m	\$m	\$m
Provision for deferred income tax at period end comprises:					
Timing differences					
Depreciation	1 851	944	1 754	-	-
Exploration expenditure	(16)	(8)	(3)	-	-
Provisions					
– employee benefits	(44)	(22)	(176)	-	-
– restoration and rehabilitation	(72)	(37)	(62)	-	-
– resource rent tax	(38)	(19)	(32)	-	-
– deferred income	(193)	(99)	(225)	-	-
– other	(6)	(3)	(32)	-	-
Deferred charges	88	45	94	-	-
Prepayments	13	6	19	-	-
Withholding tax	177	90	258	-	-
Other	88	45	294	-	-
Tax effected losses	(53)	(27)	(35)	-	-
Total provision for deferred income tax	1 795	915	1 854	-	-
Non-current provision for income tax	49	25	42	-	-
Total deferred tax liabilities	1 844	940	1 896	-	-

**Losses not brought to account**

The net operating tax loss and capital tax loss carry-forwards not tax effected were \$3 631 million as at 30 June 2001; these tax loss carry-forwards expire as summarised below:

Year of expiration	BHP Billiton Ltd Group		
	2001	2001	
	\$m	US\$m	
Income tax losses (foreign)			
2003	35	18	
2004	40	20	
2005	13	7	
2007	1	1	
2010	2	1	
2011	30	15	
2012	205	104	
2013	80	41	
2019	463	236	
2020	794	405	
2021	339	173	
unlimited	689	351	
	2 691	1 372	
Capital tax losses (domestic)	- unlimited	617	315
Capital tax losses (foreign)	- 2005	285	145
	- unlimited	38	20
	3 631	1 852	

(a) Refer note 31.

(b) Refer note 38.

NOTES TO FINANCIAL STATEMENTS CONTINUED

**9 Segment results**

The BHP Billiton Limited Group's predominant activities by industry classification are:

- Minerals (exploration for and mining, processing and marketing of iron ore, coal, diamonds, silver, lead, zinc, copper and copper by-products including gold);
- Petroleum (exploration for and production, processing and marketing of hydrocarbons); and
- Steel (manufacture and marketing of steel products and transport and logistics);

Net unallocated interest represents the net after tax cost of debt funding to the BHP Billiton Limited Group excluding interest received by or paid by business segments involving mainly joint venture partner finance.

Group and unallocated items represent Group Centre functions.

Intersegment sales are made on a commercial basis.

Industry classification (a)	External Revenue	Intersegment Revenue	Depreciation and amortisation	Net profit (b)	Segment assets Gross	Net	Capital expenditure (c)
<b>2001 \$m</b>							
Minerals	10 159	332	1 050	624	13 403	8 788	1 001
Petroleum	6 354	41	1 007	1 916	8 137	4 230	854
Steel (d)	6 054	618	321	323	5 223	3 543	116
Net unallocated interest	93			(343)			
Group and unallocated items (e)	(181)	85	24	(1 011)	2 424	(5 313)	73
<b>BHP Billiton Limited Group</b>	<b>22 479</b>	<b>1 076</b>	<b>2 402</b>	<b>1 509</b>	<b>29 187</b>	<b>11 248</b>	<b>2 044</b>
<b>2001 US\$m</b>							
Minerals	5 181	169	535	318	6 835	4 482	510
Petroleum	3 240	21	514	977	4 150	2 157	436
Steel (d)	3 088	315	164	165	2 664	1 807	59
Net unallocated interest	47			(175)			
Group and unallocated items (e)	(92)	44	12	(515)	1 236	(2 710)	37
<b>BHP Billiton Limited Group</b>	<b>11 464</b>	<b>549</b>	<b>1 225</b>	<b>770</b>	<b>14 885</b>	<b>5 736</b>	<b>1 042</b>
<b>2000 \$m</b>							
Minerals	8 830	365	889	480	11 917	8 291	362
Petroleum	5 625	14	883	1 319	7 409	3 434	488
Steel (d)	9 081	517	494	310	7 937	5 739	158
Services	279	213	11	99	7	(5)	8
Net unallocated interest	65			(515)			
Group and unallocated items (e)	(227)	9	15	(100)	2 074	(6 454)	33
<b>BHP Billiton Limited Group</b>	<b>23 653</b>	<b>1 118</b>	<b>2 292</b>	<b>1 593</b>	<b>29 344</b>	<b>11 005</b>	<b>1 049</b>
<b>1999 \$m</b>							
Minerals	9 730	498	944	(1 971)	13 187	8 845	1 316
Petroleum	3 203	10	702	232	7 829	4 209	760
Steel (d)	8 590	416	519	186	9 017	6 605	360
Services	802	418	36	241	214	(10)	15
Net unallocated interest	111			(449)			
Group and unallocated items (e)	(515)	34	17	(548)	1 240	(10 288)	9
<b>BHP Billiton Limited Group</b>	<b>21 921</b>	<b>1 376</b>	<b>2 218</b>	<b>(2 309)</b>	<b>31 487</b>	<b>9 361</b>	<b>2 460</b>

(a) Following various asset sales and an internal reorganisation, the Services segment ceased to exist from 1 July 2000. As a consequence, Transport and Logistics is reported in the Steel segment and remaining services businesses including Shared Business Services, Insurances and Corporate Services are reported in Group and unallocated items. Comparative data has been adjusted accordingly. 2000 and 1999 data for Services mainly relates to businesses now sold.

(b) Net profit is before deducting outside equity interests.

(c) Excluding capitalised borrowing costs and capitalised exploration.

(d) Includes the OneSteel Limited business, which was spun-out in October 2000.

(e) Includes consolidation adjustments.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>9 Segment results continued</b>				
<b>Geographical classification</b>	External Revenue	Intersegment Revenue	Net profit (a)	Gross segment assets
<b>2001 \$m</b>				
Australia (b)	14 988	276	1 958	14 982
North America	1 840	-	224	4 460
United Kingdom	1 120	-	289	2 364
South America	2 021	-	(25)	4 865
Papua New Guinea	952	-	(778)	322
New Zealand	534	-	77	607
South East Asia	702	-	70	931
Other countries	229	-	37	656
	22 386	276	1 852	29 187
Net unallocated interest	93		(343)	
BHP Billiton Limited Group	22 479	276	1 509	29 187
<b>2001 US\$m</b>				
Australia	7 644	141	999	7 641
North America	938	-	114	2 275
United Kingdom	571	-	148	1 206
South America	1 031	-	(13)	2 481
Papua New Guinea	486	-	(397)	164
New Zealand	272	-	39	309
South East Asia	358	-	36	475
Other countries	117	-	19	334
	11 417	141	945	14 885
Net unallocated interest	47		(175)	
BHP Billiton Limited Group	11 464	141	770	14 885
<b>2000 \$m</b>				
Australia (b)	14 573	263	1 143	17 358
North America	3 299	-	73	2 531
United Kingdom	968	-	226	2 225
South America	1 956	1	458	4 150
Papua New Guinea	1 161	-	71	979
New Zealand	682	-	59	602
South East Asia	704	-	22	1 030
Other countries	245	-	56	469
	23 588	264	2 108	29 344
Net unallocated interest	65		(515)	
BHP Billiton Limited Group	23 653	264	1 593	29 344

## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>9 Segment results continued</b>				
<b>Geographical classification continued</b>	External Revenue	Intersegment Revenue	Net profit (a)	Gross segment assets
1999 \$m				
Australia (b)	14 043	199	837	19 225
North America	2 889	27	(2 249)	3 135
United Kingdom	594	5	(4)	2 575
South America	1 558	33	99	3 394
Papua New Guinea	859	-	65	1 100
New Zealand	836	1	(90)	697
South East Asia	786	-	41	930
Other countries	245	-	(559)	431
	21 810	265	(1 860)	31 487
Net unallocated interest	111		(449)	
<b>BHP Billiton Limited Group</b>	<b>21 921</b>	<b>265</b>	<b>(2 309)</b>	<b>31 487</b>

(a) Net profit is before deducting outside equity interests.

(b) Export sales amounting to \$7 892 million, \$6 489 million and \$6 284 million are included in Australian revenue from ordinary activities for 2001, 2000 and 1999 respectively. Approximately 28%, 27% and 27% of such sales during 2001, 2000 and 1999 respectively, were to customers in Japan.

<b>10 Dividends</b>	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
Dividends declared (a)	<b>466</b>	<b>238</b>	463	453	<b>466</b>	463
Dividends paid (b)	<b>446</b>	<b>227</b>	440	1 868	<b>446</b>	440
	<b>912</b>	<b>465</b>	903	2 321	<b>912</b>	903
<i>deduct</i> Dividends or equivalent paid or payable on shares held by controlled entities and on buy-back of those shares (Beswick Group) (b)				1 437		
				884		
<i>deduct</i> Bonus Share Plan participation - equivalent dividends				118		
Dividends paid or payable to members of BHP Billiton Limited (c)	<b>912</b>	<b>465</b>	903	766	<b>912</b>	903

Dividends per share for 2001 were 51.0 cents (26.0 cents fully franked at a rate of 30% and 25.0 cents unfranked) (2000 - 51.0 cents unfranked; 1999 - 51.0 cents fully franked at 36%).

Dividends per share as declared and adjusted for the bonus issue for 2001 were 24.7 cents (12.6 cents fully franked at a rate of 30% and 12.1 cents unfranked) (2000 - 24.7 cents unfranked; 1999 - 24.7 cents fully franked at 36%).

Dividends per American Depositary Share (ADS) (as declared) for 2001 were 102.0 cents (2000 - 102.0 cents; 1999 - 102.0 cents).

Dividends per ADS as declared and adjusted for the bonus issue for 2001 were 49.4 cents (2000 - 49.4 cents; 1999 - 49.4 cents).

For the periods indicated, each ADS represents two ordinary shares.

(a) Dividends declared at 30 June 2001 were paid on 2 July 2001.

(b) 338 066 630 shares held by the Beswick Group were bought back and cancelled by BHP Billiton Limited in March 1999. The buy-back consideration included a dividend component of \$1 352 million. Refer note 29.

(c) The BHP Billiton Limited Group had a franking account balance of \$225 million at 34 cents in the dollar, available at 30 June 2001 before the 2 July 2001 dividend payment. An amount of \$466 million at 30 cents in the dollar was used as a result of the 2 July 2001 dividend payment. (The BHP Billiton Limited Group had a franking account balance of \$24 million at 36 cents in the dollar available at 30 June 2000). It is anticipated that dividends payable in the following year will be fully franked.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

11 Earnings per share	2001	BHP Billiton Ltd Group	
		2001 US	2000 (a) 1999 (a)
Basic earnings per share (cents) (b) (c) (d)	54.4	27.7	44.5 (64.6)
Diluted earnings per share (cents) (e) (f)	53.9	27.5	44.1 (64.6)
Weighted average number of fully paid shares (millions)			
– basic earnings per share	3 689		3 653 3 577
– diluted earnings per share (e) (g)	3 767		3 753 3 577

(a) Comparative data has been restated to take into account the bonus share issue effective 29 June 2001. Refer Note 29.

(b) Based on net profit/(loss) attributable to members of BHP Billiton Limited.

(c) Basic earnings per American Depositary Share (ADS) (cents) **108.8** **55.4** 89.0 (129.2)  
For the periods indicated, each ADS represents two ordinary shares.

(d) Basic earnings per share would have been 45.8 cents (2000 - 41.2 cents; 1999 - (66.9) cents) had the revised accounting policies for restoration and rehabilitation provisions, pension costs and employee compensation costs been applied throughout the respective financial periods. Refer note 1 (Change in accounting policies).

(e) Performance Rights are excluded and would only be included when an issue of shares is expected to occur.

(f) Diluted earnings per share would have been 45.5 cents (2000 - 40.8 cents; 1999 - (66.9) cents) had the revised accounting policies for restoration and rehabilitation provisions, pension costs and employee compensation costs been applied throughout the respective financial periods. Refer note 1 (Change in accounting policies).

(g) The weighted average diluted number of ordinary shares has been adjusted for the effect of Employee Share Plan options and Executive Share Scheme partly paid shares to the extent they were dilutive at balance date. Refer note 30.

12 Receivables (current)	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Trade receivables (a)	1 832	934	2 025	22	114
<i>deduct</i> provision for doubtful debts	19	9	24	1	1
Total trade receivables	1 813	925	2 001	21	113
Sundry receivables					
Employee Share Plan loans	15	8	14	14	12
Other	793	404	616	21 103	22 886
<i>deduct</i> provision for doubtful debts	6	3	2	22	37
Total sundry receivables	802	409	628	21 095	22 861
Total current receivables (b)	2 615	1 334	2 629	21 116	22 974

(a) The value of trade receivables at 30 June 2001 would have been \$61 million higher (2000 - \$135 million) but for sale of such receivables. Collections of \$227 million (2000 - \$291 million) were held on behalf of the purchasers of the receivables at 30 June 2001, and have been classified as sundry creditors.

(b) Includes US\$ denominated receivables to the value of \$1 213 million (2000 - \$1 261 million).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

13 Other financial assets (current)	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Securities quoted on prescribed stock exchanges					
Shares in other corporations (a)	163	83	-	-	-
Total book value of quoted securities	163	83	-	-	-
Securities not quoted on prescribed stock exchanges					
Term deposits	-	-	4	-	-
Total book value of not quoted securities	-	-	4	-	-
Total current other financial assets	163	83	4	-	-

(a) Market value of quoted shares in other corporations is \$207 million.

14 Inventories (current)					
Raw materials and stores					
At cost	453	231	474	-	8
	453	231	474	-	8
Work in progress					
At net realisable value	18	9	23	-	13
At cost	468	239	649	-	148
	486	248	672	-	161
Finished goods					
At net realisable value	53	27	39	-	4
At cost	476	243	773	16	15
	529	270	812	16	19
Spares and other					
At cost	153	78	180	-	47
	153	78	180	-	47
Total current inventories					
At net realisable value	71	36	62	-	17
At cost	1 550	791	2 076	16	218
	1 621	827	2 138	16	235

15 Other assets (current)					
Deferred charges and prepayments	219	112	271	1	2

16 Receivables (non-current)					
Sundry receivables					
Employee Share Plan loans (a)	41	21	40	34	31
Other	187	95	149	3 364	2 980
Total non-current receivables	228	116	189	3 398	3 011

(a) The value of Employee Share Plan loans at 30 June 2001 would have been \$279 million higher (2000 - \$452 million) but for sale of such loans. Refer note 12.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

17 Investments accounted for using the equity method									
Major shareholdings in associated entities	Principal activities	Reporting date	Ownership interest (a)				Carrying value of investment		
			At associate's reporting date		At BHP Billiton Ltd Group reporting date		BHP Billiton Ltd Group		
			2001	2000	2001	2000	2001	2001	2000
			%	%	%	%	\$m	US\$m	\$m
Samarco Mineração S.A. (b)	Iron ore mining	31 Dec	50.0	49.0	50.0	50.0	498	254	394
Orinoco Iron C.A.	HBI production	30 Sept	50.0	50.0	50.0	50.0	-	-	238
QCT Resources Ltd (c)	Coal mining	30 Jun	-	-	-	-	-	-	-
							<b>498</b>	<b>254</b>	<b>632</b>
							BHP Billiton Ltd Group		
							2001	2001	2000
							\$m	US\$m	\$m
<b>Share of net profit of associated entities</b>									
Profit before income tax							77	39	49
Income tax expense							(48)	(24)	(19)
Share of net profit of associated entities							29	15	30
<b>Share of associated entities' post-acquisition retained profits</b>									
Share of associated entities' retained profits at the beginning of the financial year							258	132	
Share of associated entities' retained profits recognised on initial adoption of AASB 1016: Accounting for Investments in Associates									250
Share of net profit of associated entities							29	15	30
Dividends received/receivable from associated entities							(54)	(28)	(24)
Disposal of associated entities							(38)	(19)	-
Write-off of investment in associated entities							122	62	-
Exchange fluctuation							-	-	2
Share of associated entities' retained profits at the end of the financial year							317	162	258
<b>Movements in carrying amount of investments in associated entities</b>									
Carrying amount of investment in associated entities at the beginning of the financial year							632	322	86
Adjustment on initial adoption of AASB 1016									311
Share of net profit of associated entities							29	15	30
Increased investment in associated entities							495	253	186
Dividends received/receivable from associated entities							(54)	(28)	(24)
Disposal of associated entities							(457)	(233)	-
Write-off of investment in associated entities							(275)	(140)	-
Exchange fluctuation							128	65	43
Carrying amount of investments in associated entities at the end of the financial year							498	254	632
<b>Share of associated entities' contingent liabilities and expenditure commitments</b>									
Contingent liabilities - unsecured							150	77	180
Contracts for capital expenditure not completed							35	18	134
Other commitments							31	16	683

(a) The proportion of voting power held by the BHP Billiton Limited Group corresponds to ownership interest.

(b) Equity accounted results for Samarco Mineração S.A. are now taken up by the BHP Billiton Limited Group on a one month lag (previously on a two month lag, with the \$4 million profit impact of the reduced lag reflected in the BHP Billiton Limited Group result in 2001). An additional 1% ownership interest was acquired in June 2000 and was reflected in the BHP Billiton Limited Group result for 2001.

(c) A 50% interest in QCT Resources Ltd was acquired on 20 October 2000 and equity accounted from 1 November 2000 until its disposal on 28 June 2001.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

18 Other financial assets (non-current) (a)	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Securities quoted on prescribed stock exchanges					
Shares in other corporations (b)	-	-	210	-	-
	-	-	210	-	-
Securities not quoted on prescribed stock exchanges					
Shares in controlled entities				18 832	12 852
Shares in other corporations (c)	84	43	132	-	-
	84	43	132	18 832	12 852
Advances and partnerships (d)	173	88	157	-	-
Total book value of not quoted securities	257	131	289	-	-
Total non-current other financial assets	257	131	499	18 832	12 852

(a) Following the adoption of revised Australian Accounting Standard AASB 1041: Revaluation of Non-Current Assets, other financial assets previously carried at Directors valuation have reverted to a deemed cost basis of measurement. Refer note 1 (New accounting standards).  
For the BHP Billiton Limited Group, 2000 included shares in other corporations of \$6 million, previously carried at Directors' valuation.  
For BHP Billiton Limited, 2000 included shares in controlled entities of \$4 362 million previously carried at Directors' valuation.

(b) Market value of quoted securities  
Shares in other corporations (e)

-	-	206	-	-
-	-	206	-	-

(c) 2001 includes an amount of \$52 million representing a 49% interest in Elkem Mangan which was disposed of with effect 1 July 2001, for the purposes of the BHP Billiton Limited Group consolidated result.

(d) Includes 50% investment in North Star BHP Steel, a US steel manufacturer, of \$160 million (2000 - \$146 million).

(e) These investments were previously carried at cost as it was considered that their carrying value would be recovered.

19 Inventories (non-current)					
Raw materials and stores					
At cost	79	40	46	-	-
	79	40	46	-	-
Spares and other					
At net realisable value	6	3	7	-	-
At cost	61	31	106	-	12
	67	34	113	-	12
Total non-current inventories					
At net realisable value	6	3	7	-	-
At cost	140	71	152	-	12
	146	74	159	-	12



## NOTES TO FINANCIAL STATEMENTS CONTINUED

	Gross value of assets	Accumulated depreciation 2001 \$m	Net value of assets	Net value of assets 2001 US\$m	Gross value of assets	Accumulated depreciation 2000 \$m	Net value of assets
<b>20 Property, plant and equipment</b>							
<b>BHP Billiton Limited Group (a)</b>							
Land and buildings (b) (c)	2 332	948	1 384	706	2 881	1 104	1 777
Plant, machinery and equipment (d)	26 637	12 378	14 259	7 272	26 715	12 123	14 592
Mineral rights (e)	2 708	879	1 829	933	1 935	789	1 146
Exploration, evaluation and development expenditures carried forward in areas of interest (f)							
- now in production	2 460	1 145	1 315	670	2 736	1 315	1 421
- in development stage but not yet producing	722	1	721	368	227	4	223
- in exploration and/or evaluation stage	591	133	458	234	489	114	375
Capitalised leased assets (g)	64	16	48	24	64	12	52
Total property, plant and equipment	35 514	15 500	20 014	10 207	35 047	15 461	19 586
<b>BHP Billiton Limited (a)</b>							
Land and buildings (b) (c)	54	28	26		105	31	74
Plant, machinery and equipment (d)	141	95	46		929	287	642
Exploration, evaluation and development expenditures carried forward in areas of interest (f)							
- now in production	-	-	-		15	1	14
Total property, plant and equipment	195	123	72		1 049	319	730

(a) Following the adoption of revised Australian Accounting Standard AASB 1041: Revaluation of Non-Current Assets, all classes of property, plant and equipment previously carried at Directors' valuation have reverted to a deemed cost basis of measurement. Refer note 1 (New accounting standards). Comparatives presented above include amounts previously carried at Directors' valuation as follows:

	BHP Billiton Ltd Group 2000 \$m			BHP Billiton Ltd 2000 \$m	
Land and buildings			101		31
Plant, machinery and equipment			1 367		376
Mineral rights			189		
Exploration, evaluation and development expenditures carried forward in areas of interest now in production			41		3
Total property, plant and equipment previously carried at Directors' valuation			1 698		410
	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
(b) Current value of land and buildings					
Land	442	226	468	15	29
Buildings	1 759	897	2 038	15	127
	2 201	1 123	2 506	30	156

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 20 Property, plant and equipment continued

	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
(c) Land and buildings					
Balance at the beginning of the financial period	1 777	906	1 993	74	95
Capital expenditure (including capitalised interest)	40	21	53	-	-
Depreciation	(141)	(72)	(132)	(12)	(5)
Net disposals of land and buildings including controlled entities	(252)	(128)	(138)	(29)	(3)
Amounts written off	(156)	(80)	(90)	(6)	(5)
Exchange variations & other movements	116	59	91	(1)	(8)
Balance at the end of the financial period	1 384	706	1 777	26	74
(d) Plant, machinery and equipment					
Balance at the beginning of the financial period	14 592	7 442	17 179	642	694
Capital expenditure (including capitalised interest)	1 486	757	958	29	25
Depreciation	(1 948)	(993)	(1 857)	(20)	(66)
Net disposals of plant, machinery and equipment including controlled entities	(1 020)	(520)	(942)	(549)	(13)
Amounts written off	(449)	(229)	(1 073)	(1)	(8)
Impact of restoration and rehabilitation policy change	787	401		-	
Exchange variations & other movements	811	414	327	(55)	10
Balance at the end of the financial period	14 259	7 272	14 592	46	642
(e) Mineral rights					
Balance at the beginning of the financial period	1 146	585	1 200		
Depreciation	(52)	(27)	(69)		
Net acquisitions of mineral rights of controlled entities	667	340	-		
Exchange variations & other movements	68	35	15		
Balance at the end of the financial period	1 829	933	1 146		
(f) Exploration, evaluation and development expenditures carried forward					
Balance at the beginning of the financial period	2 019	1 030	2 166	14	12
Depreciation	(252)	(128)	(213)	-	(1)
Capital expenditure (including capitalised exploration and interest)	674	343	121	-	-
Net acquisitions/(disposals) of exploration expenditures including controlled entities	77	39	(137)	(14)	-
Amounts written off	(234)	(119)	-	-	-
Exchange variations & other movements	210	107	82	-	3
Balance at the end of the financial period (h)	2 494	1 272	2 019	-	14
(g) Capitalised leased assets					
Balance at the beginning of the financial period	52	26	93		
Depreciation	(4)	(2)	(4)		
Exchange variations & other movements	-	-	(37)		
Balance at the end of the financial period	48	24	52		
(h) Includes \$10 million (2000 - \$146 million) transferred from exploration and/or evaluation stage to development stage, not yet producing, and \$32 million (2000 - \$278 million) transferred from development stage, not yet producing to now in production.					

## NOTES TO FINANCIAL STATEMENTS CONTINUED

	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
<b>21 Intangible assets</b>					
Goodwill at cost	3	2	264	-	-
<i>deduct</i> amounts amortised	1	1	134	-	-
	2	1	130	-	-
Patents, trademarks and licences at cost	14	7	11	-	-
<i>deduct</i> amounts amortised	14	7	11	-	-
	-	-	-	-	-
Total intangible assets	2	1	130	-	-
<b>22 Other assets (non-current)</b>					
Deferred charges and prepayments	1 335	681	800	3	14
<b>23 Payables (current)</b>					
Trade creditors	1 905	972	1 520	9	116
Sundry creditors	908	463	1 046	23 798	20 897
Total current payables	2 813	1 435	2 566	23 807	21 013
<b>24 Interest bearing liabilities (current) (a) (b)</b>					
Current portion of unsecured long term loans					
- Bank loans	101	51	358	-	-
- Other	-	-	391	-	-
Total current portion of long term loans	101	51	749	-	-
Current portion of - Non-recourse finance (c)	3	2	18	-	-
- Redeemable preference shares	700	357	1 539	-	-
- Finance leases	4	2	3	-	-
Short term interest bearing liabilities					
- Unsecured bank loans	23	11	97	-	-
- Unsecured other	70	36	22	-	-
Bank overdrafts - Unsecured	72	37	102	-	7
Total other interest bearing liabilities	872	445	1 781	-	7
Total current interest bearing liabilities	973	496	2 530	-	7
Current interest bearing liabilities other than finance leases and bank overdrafts, classified as to currency					
Australian dollars (d)	1 076	549	1 222	-	-
US dollars (e) (f)	(423)	(216)	907	-	-
UK pounds (f)	98	50	84	-	-
Canadian dollars (f)	65	33	126	-	-
Other currencies	81	41	86	-	-
	897	457	2 425	-	-

(a) In determining the classification by currency the effect of cross currency swaps has been taken into account.

(b) Refer note 27.

(c) Secured by charges over certain assets.

(d) 2001 includes an amount of \$376 million being the Australian dollar obligation on two cross currency swaps issued in May 1999 and maturing in June 2002 related to the 1992 Yankee Bond issue which matures in December 2012 - Refer also footnote (e) below.

(e) 2001 includes an amount of \$(495) million (at the exchange rate prevailing at 30 June 2001) being the US dollar receivables on two cross currency swaps issued in May 1999 and maturing in June 2002 related to the 1992 Yankee Bond issue which matures in December 2012 - Refer also footnote (d) above.

(f) These amounts were effectively hedged. Refer note 1 (Foreign currency transactions).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

25 Other provisions (current)	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Deferred income	226	115	193	-	-
Dividends	466	238	463	466	463
Employee benefits (a)	364	186	458	17	50
Insurance claims	78	40	64	-	-
Restoration and rehabilitation (a)	94	48	78	-	2
Restructuring (a)	260	132	232	57	20
Other	120	61	47	56	2
<b>Total current other provisions</b>	<b>1 608</b>	<b>820</b>	<b>1 535</b>	<b>596</b>	<b>537</b>

(a) Refer note 28.

26 Payables (non-current)					
Trade creditors	32	17	34	-	-
Sundry creditors	2	1	11	-	-
<b>Total non-current payables</b>	<b>34</b>	<b>18</b>	<b>45</b>	<b>-</b>	<b>-</b>

27 Interest bearing liabilities (non-current)					
Unsecured long term loans (at weighted average interest rates) (a)					
Bank loans					
- at average fixed interest rates of 8.1%	191	97	504	-	-
- at average floating interest rates of 6.0%	260	133	421	-	-
Commercial paper					
- at average floating interest rates of 5.1%	50	25	71	-	-
Notes and debentures (issued in the US)					
- at average fixed interest rates of 7.5%	2 601	1 327	2 977	-	-
Medium term notes (issued in Australia)					
- at average fixed interest rates of 7.7%	200	102	200	-	-
- at average floating interest rates of 6.2%	300	153	300	-	-
Other					
- at average fixed interest rates of 8.5%	391	199	329	-	-
- at average floating interest rates of 5.3%	136	69	83	-	-
<b>Total long term loans</b>	<b>4 129</b>	<b>2 105</b>	<b>4 885</b>	<b>-</b>	<b>-</b>
<i>less</i> amounts repayable within twelve months (b)	101	51	749	-	-
<b>Total non-current portion of long term loans</b>	<b>4 028</b>	<b>2 054</b>	<b>4 136</b>	<b>-</b>	<b>-</b>
Redeemable preference shares					
Beswick Pty Ltd As (c)	700	357	990	-	-
Beswick Pty Ltd Bs (d)	-	-	500	-	-
BHP Operations Inc (e)	890	454	749	-	-
BHP Steel (Thailand) Ltd (f)	-	-	27	-	-
<b>Total redeemable preference shares</b>	<b>1 590</b>	<b>811</b>	<b>2 266</b>	<b>-</b>	<b>-</b>
<i>less</i> amounts repayable within twelve months (b)	700	357	1 539	-	-
<b>Total non-current portion of redeemable preference shares</b>	<b>890</b>	<b>454</b>	<b>727</b>	<b>-</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS CONTINUED

27 Interest bearing liabilities (non-current) continued	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Non-recourse finance (g)					
US\$ loans for the Escondida project with maturities 2002-2004	1 047	534	899	-	-
Other non-recourse finance	109	56	18	-	-
Total non-recourse finance	1 156	590	917	-	-
less amounts repayable within twelve months (b)	3	2	18	-	-
Total non-current portion of non-recourse finance	1 153	588	899	-	-
Total non-current portion of long term loans, redeemable preference shares and non-recourse finance	6 071	3 096	5 762	-	-
Other non-current interest bearing liabilities					
Finance leases	67	34	68	-	-
Other	119	61	38	6 077	5 814
Total non-current interest bearing liabilities	6 257	3 191	5 868	6 077	5 814
The total of long term loans, redeemable preference shares and non-recourse finance not currently payable classified as to maturity dates					
Due later than one year and not later than two years	1 382	705	1 460	-	-
Due later than two years and not later than three years	490	250	1 368	-	-
Due later than three years and not later than four years	691	352	52	-	-
Due later than four years and not later than five years	1 804	920	451	-	-
Due later than five years and not later than ten years	149	76	1 111	-	-
Due later than ten years	1 555	793	1 320	-	-
	6 071	3 096	5 762	-	-
The total of long term loans, redeemable preference shares and non-recourse finance not currently payable classified as to currency (a)					
Australian dollars	1 771	903	2 827	-	-
US dollars (h)	3 425	1 747	1 949	-	-
UK pounds (h)	823	420	837	-	-
Canadian dollars (h)	-	-	64	-	-
Other currencies	52	26	85	-	-
	6 071	3 096	5 762	-	-

(a) Weighted average interest rates and currency classifications take into account the effect of interest rate and cross currency swaps.

(b) Refer note 24.

(c) **Beswick Pty Ltd: 'A' Redeemable preference shares**

700 000 (2000 - 990 000) shares, issued at \$1 000 each, fully paid; rebateable, cumulative dividend of 11% per annum; non-participating. The BHP Billiton Limited Group holds options to purchase these shares, subject to certain conditions. The holders have agreed not to exercise their rights of redemption prior to 28 September 2001 (in relation to 700 000 shares) at which time the shares may be redeemed. 290 000 shares were redeemed on 19 June 2001 for \$1 000 per share.

(d) **Beswick Pty Ltd: 'B' Redeemable preference shares**

Nil (2000 - 500 000) shares, issued at \$1 000 each, fully paid; rebateable, cumulative dividend of 8% per annum; non-participating. Redeemed for \$1 000 per share on 28 September 2000.

(e) **BHP Operations Inc: Preferred stock**

– Auction market preferred stock:

600 (2000 - 1 800) shares issued at US\$250 000 each, fully paid preferred stock; cumulative, non-participating, dividend reset on a regular basis reflecting prevailing US market rates; not entitled to any earnings growth or capital appreciation of the issuer. Redeemable at the option of the issuer on any dividend payment date or, if redeemed in full, on any business day.

– Cumulative preferred stock series A:

3 000 (2000 - nil) shares issued at US\$100 000 each, fixed at 6.76% per annum, fully paid and not entitled to any earnings growth or capital appreciation of the issuer. Subject to mandatory redemption on 27 February 2006. Dividends are cumulative and are calculated on the basis of a year of twelve 30 day months.

(f) **BHP Steel (Thailand) Ltd: Preference shares**

Nil (2000 - 6 250 000) shares of 100 Baht each, fully paid, cumulative, dividends zero. Redeemed December 2000.

(g) Secured by charges over certain assets.

(h) These amounts were effectively hedged. Refer note 1 (Foreign currency transactions).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

28 Other provisions (non-current)	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Deferred income	721	368	808	-	-
Employee benefits (a)	803	409	777	39	76
Insurance claims	103	53	112	-	-
Non-executive Directors' retirement benefits	2	1	2	2	1
Resource rent tax	385	196	375	-	-
Restoration and rehabilitation (b) (c) (d)	1 418	723	944	-	6
Restructuring (e)	722	368	689	150	154
Other	39	20	-	-	-
<b>Total non-current other provisions</b>	<b>4 193</b>	<b>2 138</b>	<b>3 707</b>	<b>191</b>	<b>237</b>
(a) Aggregate employee benefits liabilities					
Current (refer note 25)	364	186	458	17	50
Non-current	803	409	777	39	76
	<b>1 167</b>	<b>595</b>	<b>1 235</b>	<b>56</b>	<b>126</b>
(b) Reconciliation of the total provision for restoration and rehabilitation					
Opening balance	1 022	521	1 045	8	5
Charge to profit	125	64	83	-	3
Adjustment for change in accounting policy (d)	363	185	-	-	-
Amounts paid	(59)	(30)	(59)	-	-
Disposal of businesses and controlled entities	(10)	(5)	(76)	(8)	-
Exchange fluctuations and other movements	71	36	29	-	-
Closing balance	1 512	771	1 022	-	8
Current (refer note 25)	94	48	78	-	2
Non-current	1 418	723	944	-	6
	<b>1 512</b>	<b>771</b>	<b>1 022</b>	<b>-</b>	<b>8</b>
(c) The estimate of total restoration and rehabilitation expenditure (undiscounted) to be incurred by the BHP Billiton Limited Group in the future arising from operations to date including amounts already provided for:	3 171	1 617	2 205		
(d) Refer note 1 (Change in accounting policies).					
(e) Reconciliation of the total provision for restructuring costs					
Opening balance	921	469	1 244	174	258
Charge to profit	91	46	130	51	65
Amounts paid	(124)	(63)	(506)	(18)	(143)
Disposal of controlled entities	(18)	(9)	(18)	-	-
Exchange fluctuations and other movements	112	57	71	-	(6)
Closing balance	982	500	921	207	174
Current (refer note 25)	260	132	232	57	20
Non-current	722	368	689	150	154
	<b>982</b>	<b>500</b>	<b>921</b>	<b>207</b>	<b>174</b>
Total provision for restructuring costs is made up of:					
Remediation and site rehabilitation	661	337	585	151	154
Redundancies	145	74	113	22	19
Business terminations (including contract cancellations)	176	89	223	34	1
	<b>982</b>	<b>500</b>	<b>921</b>	<b>207</b>	<b>174</b>

## NOTES TO FINANCIAL STATEMENTS CONTINUED

29 Contributed equity	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
Paid up (a) (b) (c)						
- 3 704 256 885 ordinary shares fully paid (2000 - 1 781 493 241; 1999 - 1 742 907 069)	6 013	3 067	7 093	6 533	5 443	6 523
- 385 000 ordinary shares paid to 71 cents (2000 - 415 000; 1999 - 830 000) (d) (e)	-	-	-	-	-	-
- 3 656 500 ordinary shares paid to 67 cents (2000 - 6 286 500; 1999 - 10 120 000) (d) (e)	-	-	-	-	-	-
- 1 BHP Special Voting Share (2000 - nil; 1999 - nil) (f)	-	-	-	-	-	-
	<b>6 013</b>	<b>3 067</b>	7 093	6 533	<b>5 443</b>	6 523

Movements in ordinary fully paid shares for the period	2001	Number of shares	
		2000	1999
Opening number of shares	1 781 493 241	1 742 907 069	2 043 304 785
Shares issued under Dividend Investment Plan (g)	-	21 234 886	20 661 480
Shares issued under Bonus Share Plan (g)	-	3 718 755	7 950 806
Shares issued under Share Purchase Scheme (h)	-	-	4 342 398
Shares issued on exercise of Employee Share Plan options (i)	7 798 200	9 309 031	3 004 230
Shares issued on exercise of Performance Rights (i)	150 920	75 000	25 000
Bonus shares issued (b)	1 912 154 524		
Partly paid shares converted to fully paid (d)	2 660 000	4 248 500	1 685 000
Buy-back of shares held by controlled entities (c)			(338 066 630)
Closing number of shares (j)	<b>3 704 256 885</b>	1 781 493 241	1 742 907 069

(a) Contributed equity reduced by \$1 244 million due to the spin-out of OneSteel Limited, including spin-out costs of \$57 million. This reflected a capital reduction of \$0.66 per share. The spin-out resulted in BHP Billiton Limited shareholders being issued one OneSteel Limited share for every four shares held in BHP Billiton Limited.

(b) The DLC structure between BHP Billiton Limited and BHP Billiton Plc was established on 29 June 2001. Under the terms of the DLC structure BHP Billiton Limited issued fully paid bonus shares effective 29 June 2001 with the allotment of shares occurring on 9 July 2001. Refer note 53.

(c) 338 066 630 ordinary shares held by the Beswick Group were bought back and cancelled by BHP Billiton Limited during 1999. The consideration for BHP Billiton Limited of \$4 067 million was charged against contributed equity (\$2 715 million) and retained earnings (\$1 352 million). The consideration for the BHP Billiton Limited Group of \$74 million was charged against contributed equity. As a consequence of this transaction, the contributed equity for the BHP Billiton Limited Group exceeds the contributed equity for BHP Billiton Limited by \$570 million, representing the premium paid by BHP Billiton Limited to the Beswick Group on buy-back. This premium was eliminated on consolidation.

(d) 30 000 (2000 - 415 000; 1999 - 110 000) shares paid to 71 cents and 2 630 000 (2000 - 3 833 500; 1999 - 1 575 000) shares paid to 67 cents were converted to fully paid during 2001. There were no partly paid shares issued during the year (2000 - nil; 1999 - nil).

(e) As a consequence of the OneSteel Limited spin-out an instalment call of \$0.66 per share was made on partly paid shares which was then immediately replaced by application of the capital reduction.

(f) Refer note 53 for details of the BHP Special Voting Share.

(g) The Dividend Investment Plan (DIP) and Bonus Share Plan (BSP) each provide shareholders with the opportunity to receive additional shares in lieu of cash dividends. Shares issued during 1999 and 2000 were issued at a discount of 2.5% from the market price. Market price is the average market price of a specified five day period prior to issue. The DIP was suspended following payment of the November 1999 half yearly dividend. Since that dividend was unfranked the BSP was suspended in accordance with BHP Billiton Limited's Constitution and Rule 8 of the BSP on 17 September 1999.

(h) The Share Purchase Scheme enabled shareholders to purchase small parcels of shares at a discount of 2.5% from market price. The scheme was suspended with effect from 1 March 1999.

(i) Refer note 30.

(j) During the period 1 July 2001 to 3 September 2001, 205 000 Executive Share Scheme partly paid shares were paid up in full and 893 566 fully paid ordinary shares (including attached bonus shares) were issued on the exercise of Employee Share Plan options.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**30 Employee ownership plans**

The following tables relating to options issued under the Employee Share Plan and Performance Rights issued under the BHP Performance Share Plan are presented on a basis excluding the effect of the bonus issue of shares effective 29 June 2001, in accordance with the Rules of the Plans. Refer footnotes (a) and (d) below.

	Employee Share Plan (a)					
	2001	Shares 2000	1999	2001	Options 2000	1999
Number of shares and options issued since commencement of the plan	<b>180 981 600</b>	180 981 600	180 981 600	<b>79 360 600</b>	71 978 600	70 933 600
Number of shares and options remaining under the plan	<b>30 401 200</b>	42 356 000	63 115 100	<b>36 135 550</b>	42 250 800	61 909 850
Loans outstanding (\$ million)	<b>56</b>	54	136			
During the period						
Shares and options issued	-	-	-	<b>7 382 000</b>	1 045 000	29 720 700
Participating employees				<b>367</b>	20	46 539
Average issue/exercise price (\$)				<b>18.86</b>	18.15	16.39
Market value of issues (\$ million) (b)				-	-	-
Proceeds from issues (\$ million)				-	-	-
Shares issued on exercise of options				<b>7 798 200</b>	9 309 031	3 004 230
Employees exercising options				<b>9 431</b>	8 562	3 129
Market value of shares on exercise of options (\$ million)				<b>159</b>	166	47
Proceeds from exercise of options (\$ million)				<b>122</b>	157	47
	Executive Share Scheme partly paid shares (c)			Performance Rights (d)		
	2001	2000	1999	2001	2000	1999
Number of shares and Performance Rights issued since commencement of the plans	<b>24 468 200</b>	24 468 200	24 468 200	<b>3 194 024</b>	1 000 000	1 000 000
Number of shares and Performance Rights remaining under the plans	<b>4 041 500</b>	6 701 500	10 950 000	<b>2 794 024</b>	800 000	975 000
During the period						
Shares and Performance Rights issued	-	-	-	<b>2 194 024</b>	-	1 000 000
Participating employees				<b>115</b>		1
Average issue price (\$)				-		-
Market value of issues (\$million) (b)				-		-
Proceeds from issues				-		-
Shares issued on exercise of Performance Rights (e)				<b>150 920</b>	75 000	25 000
Employees exercising Performance Rights				<b>1</b>	1	1
Market value of shares on exercise of Performance Rights (\$ million)				<b>3</b>	1	-
	Bonus Equity Share Plan (f)					
	2001	2000	1999			
Number of shares issued since commencement of the plan	-					



## NOTES TO FINANCIAL STATEMENTS CONTINUED

**30 Employee ownership plans continued****Employee Share Plan Options and Performance Rights**

Month of issue	Number issued	Number of recipients	Number exercised	Shares issued on exercise	Number lapsed	Options and Performance Rights outstanding at		Exercise price (g)(h)	Exercise period
						Balance date	Date of Directors' report		
<b>Employee Share Plan options</b>									
December 2000	1 668 000	67	-	-	-	1 668 000	1 668 000	\$19.43	July 2003 - Dec 2010
December 2000	1 121 500	59	-	-	-	1 121 500	1 121 500	\$19.42	July 2003 - Dec 2010
November 2000	832 500	44	-	-	54 000	778 500	778 500	\$18.52	July 2003 - Oct 2010
November 2000	3 760 000	197	-	-	23 500	3 736 500	3 736 500	\$18.51	July 2003 - Oct 2010
April 2000	30 000	3	-	-	-	30 000	30 000	\$17.13	April 2003 - April 2010
April 2000	454 000	5	-	-	-	454 000	454 000	\$17.12	April 2003 - April 2010
December 1999	200 000	1	-	-	-	200 000	200 000	\$19.21	April 2002 - April 2009
December 1999	150 000	1	-	-	-	150 000	150 000	\$16.92	April 2002 - April 2009
October 1999	60 000	6	-	-	10 000	50 000	25 000	\$17.06	April 2002 - April 2009
October 1999	51 000	3	-	-	15 000	36 000	34 000	\$17.05	April 2002 - April 2009
July 1999	100 000	1	-	-	-	100 000	100 000	\$17.13	April 2002 - April 2009
April 1999	21 536 400	45 595	-	-	8 926 100	12 610 300	12 487 700	\$15.73	April 2002 - April 2009
April 1999	8 184 300	944	-	-	2 028 150	6 156 150	5 759 650	\$15.72	April 2002 - April 2009
April 1998	177 500	16	29 500	29 500	-	148 000	148 000	\$14.74	April 2001 - April 2003
April 1998	140 000	23	42 500	42 500	5 000	92 500	87 500	\$14.73	April 2001 - April 2003
November 1997	1 579 400	3 501	748 800	748 800	210 500	620 100	580 500	\$15.55	Nov 2000 - Nov 2002
November 1997	7 910 900	16 411	5 447 150	5 447 150	774 250	1 689 500	1 332 850	\$15.56	Nov 2000 - Nov 2002
October 1997	5 440 000	511	2 059 500	2 059 500	43 000	3 337 500	3 276 500	\$15.32	Oct 2000 - Oct 2002
October 1997	3 992 000	379	1 752 000	1 752 000	120 000	2 120 000	2 043 550	\$15.33	Oct 2000 - Oct 2002
July 1997	200 000	1	-	-	-	200 000	200 000	\$18.96	July 2000 - July 2002
July 1997	395 500	36	62 500	62 500	55 000	278 000	259 000	\$18.97	July 2000 - July 2002
October 1996	848 100	46	436 500	436 500	191 100	220 500	225 500	\$15.56	Oct 1999 - Oct 2001
October 1996	1 086 700	66	733 700	733 700	14 500	338 500	293 500	\$15.55	Oct 1999 - Oct 2001
April 1996	295 000	5	35 000	35 000	260 000	-	-	\$17.63	April 1999 - April 2001
April 1996	45 500	6	45 500	45 500	-	-	-	\$17.62	April 1999 - April 2001
October 1995	17 000	3	17 000	17 000	-	-	-	\$18.23	Oct 1998 - Oct 2000
October 1995	38 500	5	38 500	38 500	-	-	-	\$18.22	Oct 1998 - Oct 2000
July 1995	48 000	2	48 000	48 000	-	-	-	\$18.59	July 1998 - July 2000
July 1995	76 000	9	63 000	63 000	13 000	-	-	\$18.58	July 1998 - July 2000
						<u>36 135 550</u>	<u>34 991 750</u>		
<b>Performance Rights (e) (i)</b>									
December 2000	187 691	11	-	-	-	187 691	187 691	-	July 2003 - Dec 2010
November 2000	2 006 333	104	-	-	-	2 006 333	1 951 333	-	July 2003 - Dec 2010
March 1999	1 000 000	1	400 000	376 840	-	600 000	500 000	-	Mar 1999 - Mar 2009
						<u>2 794 024</u>	<u>2 639 024</u>		

## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>30 Employee ownership plans continued</b>							
	2001		2000		1999		
	Number	Weighted average exercise price (g) (j)	Number	Weighted average exercise price (j)	Number	Weighted average exercise price (j)	
		\$		\$		\$	
<b>Employee Share Plan options</b>							
Outstanding at start of period	42 250 800	16.37	61 909 850	16.50	37 835 600	16.52	
Granted during the period	7 382 000	18.86	1 045 000	18.15	29 720 700	16.39	
Exercised during the period	(7 798 200)	15.67	(8 777 928)	17.94	(2 757 850)	15.57	
Lapsed during the period	(5 699 050)	15.97	(11 926 122)	17.61	(2 888 600)	16.57	
Outstanding at end of period	36 135 550	16.37	42 250 800	16.37	61 909 850	16.50	
Exercisable	9 044 600	15.57	1 529 200	16.51	10 958 900	17.38	
Not exercisable	27 090 950	16.64	40 721 600	16.36	50 950 950	16.31	
<b>Performance Rights</b>							
Outstanding at start of period	800 000		975 000		-		
Granted during the period	2 194 024		-		1 000 000		
Exercised during the period	(200 000)		(175 000)		(25 000)		
Lapsed during the period	-		-		-		
Outstanding at end of period	2 794 024		800 000		975 000		
Exercisable	-		-		-		
Not exercisable	2 794 024		800 000		975 000		
					2001	2000	1999
Weighted average fair value of Employee Share Plan options granted during the period (measured at grant date)					\$6.40 (k)	(l)	(l)
Weighted average fair value of Performance Rights granted during the period (measured at grant date)					\$14.73 (k)		\$10.75 (m)
The weighted average fair values of Employee Share Plan options and Performance Rights granted were estimated using Black-Scholes option pricing techniques for the purpose of disclosure required by US Statement of Financial Accounting Standards No. 123. Significant assumptions used in applying this formula were as follows:							
					2001	2000	1999
<b>Employee Share Plan options (k)</b>							
Risk free interest rate					6.6%	(l)	(l)
Estimated life of options					10 years (n)	(l)	(l)
Estimated volatility of share price					30.3%	(l)	(l)
Estimated amount of dividends per share					\$0.51	(l)	(l)
<b>Performance Rights (k)</b>							
Risk free interest rate					6.6%		5.0%
Estimated life of Performance Rights					10 years (n)		2 years
Estimated volatility of share price					30.3%		29.9%
Estimated amount of dividends per share					\$0.51		\$0.51

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**30 Employee ownership plans continued**

- (a) The Employee Share Plan provides eligible employees with the opportunity to acquire fully paid ordinary shares or options for ordinary shares in BHP Billiton Limited at such times as the Directors deem appropriate. Shares and options are issued under the Employee Share Plan on the following terms:
- the limit on the number of shares and outstanding options or other rights issued under the Plan is 8% of issued ordinary capital.
  - shares may be offered for subscription for market value (which is the weighted average market price over the five days prior to issue) less a discount not exceeding 10%.
  - the Board of Directors may specify an issue price for an option. The exercise price of an option is market value less a discount not exceeding 10%.
  - where shares are offered, interest free employee loans are available to fund the purchase of shares for a maximum period of 20 years, repayable by application of dividends or an equivalent amount. Any amounts outstanding are repayable at the end of that 20 year period.
  - at cessation of employment an extension of the loan repayment period may be granted if the outstanding loan is in a non profitable position. The extension will be reviewed annually. If during the extension period the shares become profitable, BHP Billiton Limited will arrange for the sale of those shares.
  - each option is granted over one unissued share in BHP Billiton Limited plus 1.0651 bonus shares which attach to that share pursuant to the Rules of the Plan.
  - exercise price is unaffected by the bonus share issue which took effect on 29 June 2001.
  - the Board of Directors may apply performance hurdles to the exercise of options.
  - options granted from April 1999 to April 2000 are 10 year options, not exercisable until after three years, and then only if performance hurdles are achieved. These performance hurdles relate to two comparative groups (ASX 100 index and an international comparative group). The BHP Billiton Limited Group's performance in terms of total shareholder return is measured against both of these groups to determine if performance hurdles have been achieved.
  - options granted from November to December 2000 do not become exercisable until after 30 June 2003 and then only if performance hurdles are achieved. These performance hurdles relate to the ASX 100 index. The BHP Billiton Limited Group's performance in terms of total shareholder return is measured against this group of companies to determine if the performance hurdles have been achieved. The options lapse if the hurdles have not been achieved within a two year period. If the options are exercisable, they lapse ten years after issue.
  - options carry no voting rights.
  - unexercised options will expire at the end of the exercise period.
- (b) Options, Performance Rights and partly paid shares are not transferable nor are they listed and as such do not have a market value. Refer footnote (k) for estimated fair values.
- (c) The Executive Share Scheme provides for senior executives to acquire partly paid ordinary shares in BHP Billiton Limited. Partly paid shares issued under the Executive Share Scheme are issued on the following terms:
- only full-time executive employees (including Executive Directors) are considered eligible. Any eligible executive who continues to participate in the Employee Share Plan is ineligible to participate in the Executive Share Scheme.
  - the limit on the number of shares under the Scheme is 2% of issued ordinary capital.
  - shares are offered at an issue price determined by the Directors which is not less than a 10% discount nor more than a 10% premium on the appropriate market price.
  - the balance outstanding on ordinary shares must be paid not later than 20 years after the date of issue. The balance of the price must also be paid no later than two years after termination of employment, but may be paid at any earlier time chosen by a participant.
  - the price payable at the time of compulsory payment may be varied if the market price (adjusted for the effects of any bonus, rights or other issue) is then lower than the issue price.
  - there is no entitlement to dividends on the Scheme shares while they remain partly paid, unless the Directors decide otherwise.
  - shares issued under the Scheme prior to June 1996 are eligible immediately (even though partly paid) to participate in bonus, rights or other issues on the same basis as BHP Billiton Limited's other ordinary shares. In respect of Executive Share Scheme share issues after June 1996, the issue of bonus shares will be deferred until the underlying Scheme shares are fully paid up. Such bonus shares will not attract or accrue dividends while their issue is deferred.
  - bonus shares issued on Scheme shares prior to 28 June 1996 are held in escrow until the Scheme shares are fully paid.
  - voting rights attach in proportion to the amount paid up. Full voting rights apply when the shares are fully paid.
- (d) Performance Rights have been issued to executive officers under the BHP Performance Share Plan. Performance Rights constitute a right, issued by a trustee of a special purpose trust established by BHP Billiton Limited, to require the trustee to acquire a BHP Billiton Limited share on behalf of the executive, upon fulfilment of prescribed performance hurdles or completion of service conditions. Where a service condition or performance hurdle is fulfilled, related Performance Rights are exercisable. The trustee acquires shares either by purchase on market or subscription, and the shares are then held in trust until the executive requests that they be transferred. In addition to the above, Performance Rights are currently issued on the following terms:

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**30 Employee ownership plans continued**

- a Performance Right entitles the beneficiary to one fully paid share in BHP Billiton Limited plus 1.0651 bonus shares which attach to that share pursuant to the Rules of the Plan.
  - the exercise price of the Performance Rights is zero.
  - Performance Rights are not transferable.
  - Performance Rights carry no right to dividends.
  - Performance Rights carry no voting rights.
  - Performance Rights will lapse if performance hurdles or service conditions are not satisfied or in other specified situations.
  - Performance Rights lapse on the tenth anniversary of their date of issue unless previously exercised or lapsed in accordance with their terms of issue.
  - the performance hurdles attached to Performance Rights issued from November to December 2000 relate to a global comparator group of companies. The BHP Billiton Limited Group's performance in terms of total shareholder return is measured against this group of companies to determine if the performance hurdles have been achieved. This measurement is first taken after 30 June 2003 and the Performance Rights lapse if the hurdles have not been achieved within the two years following this date.
- (e) The number of shares received on exercise of Performance Rights issued in March 1999 have been increased following the OneSteel Limited spin-out to reflect the capital reduction impact on the value of BHP Billiton Limited shares.
- (f) The Bonus Equity Share Plan provides eligible employees with the opportunity to take their incentive plan award in ordinary shares in BHP Billiton Limited. As of 30 June 2001, no shares were issued under this Plan. Employees who have elected to take their incentive plan award for the year ended 30 June 2001 in shares under the Plan will also receive an uplift of 25% so that for each \$1.00 of award taken as shares, \$1.25 worth of shares will be provided. The shares are either subscribed for or purchased on market. The shares awarded under this Plan are held in trust and may not be transferred or disposed of for at least a three year period. The shares are allocated on the following terms:
- while the shares are held in trust, the employees are entitled to receive dividends on those shares, entitled to participate in bonus issues, may participate in rights issues, etc. and may direct the trustee on how to vote those shares at a general meeting of BHP Billiton Limited.
  - if employment ceases while the shares are in trust, the shares awarded as part of the 25% uplift (or a portion of that uplift) may or may not be forfeited (depending upon the circumstances of the employment relationship ending).
- (g) Following the OneSteel Limited spin-out the exercise price of options issued under the Employee Share Plan prior to 31 October 2000 was reduced by \$0.66.
- (h) The bonus issue which took effect 29 June 2001 (refer note 29) did not affect the exercise price of options or Performance Rights. However, the number of shares attributed to each option and Performance Right has been increased to reflect the bonus issue.
- (i) Shares issued on exercise of Performance Rights include shares purchased on market.
- (j) For options issued in May 1995 and prior, the weighted average exercise price has been adjusted to reflect that holders of these options received 11 shares for each 10 options exercised as a result of the 1995 bonus issue.
- (k) The values of Employee Share Plan options and Performance Rights granted during the year ended 30 June 2001 and the significant key assumptions used to derive the values have been determined by an actuary at the request of the BHP Billiton Limited Group. The BHP Billiton Limited Group believes the values represent a reasonable estimate. Nevertheless, the assumptions used are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the BHP Billiton Limited Group. The actual value of Employee Share Plan options and Performance Rights to the holder may differ materially from the values shown. The values of Employee Share Plan options and Performance Rights shown are pre bonus.
- (l) Employee Share Plan options granted during the periods ended 30 June 2000 and 31 May 1999 are subject to both a qualifying period and performance hurdles before they become exercisable. The performance hurdles relate to the BHP Billiton Limited Group's performance against either the performance of a number of Australian or international companies. Due to the nature of the performance hurdles which had been established for these options, and in the absence of an appropriate valuation technique, their fair value was considered to be indeterminable. Valuations are not available using the modified Black-Scholes option pricing techniques for options issued in prior periods.
- (m) Performance Rights granted during the period ended 31 May 1999 are subject to either service conditions or performance hurdles before they become exercisable. The weighted average fair value of Performance Rights granted quoted on page 144 relates only to the 550 000 Performance Rights which have service conditions attached. Due to the nature of the performance hurdles which had been established for the Performance Rights, and in the absence of an appropriate valuation technique, their fair value was considered to be indeterminable. Valuations are not available using the modified Black-Scholes option pricing techniques for Performance Rights subject to performance hurdles issued in prior periods.
- (n) Subject to performance conditions.

Offers to take up shares and options under the Employee Share Plan and the Executive Share Scheme not accepted within the designated period, lapse. Accordingly, no shares or options remain available at balance date for issue to employees.

In (a) and (c) above, market price is the average market price of a specified five day period prior to issue. The market price of fully paid ordinary shares as at Friday 29 June 2001 was \$10.39, which has been adjusted to reflect the bonus issue effective 29 June 2001.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

31 Reserves	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
General reserve	166	85	170	170	627	527
Asset realisation reserve	-	-	-	-	62	62
Share premium reserve				-		
Exchange fluctuation account	895	456	249	117		
<b>Total reserves</b>	<b>1 061</b>	<b>541</b>	<b>419</b>	<b>287</b>	<b>689</b>	<b>589</b>
Reconciliation of movements in reserves:						
General reserve						
Opening balance	170	87	170	175	527	527
Transfer to retained profits on asset disposal	(4)	(2)	-	(5)	-	-
OneSteel spin-out	-	-			100	
<b>Closing balance</b>	<b>166</b>	<b>85</b>	<b>170</b>	<b>170</b>	<b>627</b>	<b>527</b>
Share premium reserve						
Opening balance				6 226		
Premium on issue of shares				143		
Bonus share plan issue				(4)		
Abolishment of par values on 1 July 1998				(6 365)		
<b>Closing balance</b>				<b>-</b>		
Exchange fluctuation account						
Opening balance	249	127	117	402		
Exchange fluctuations on foreign currency interest bearing liabilities net of tax (a)	(99)	(50)	(68)	198		
Exchange fluctuations on overseas net assets net of tax (b)	735	374	241	(410)		
Transfer to retained profits on sale of assets/closure of operations	10	5	(41)	(73)		
<b>Closing balance</b>	<b>895</b>	<b>456</b>	<b>249</b>	<b>117</b>		

(a) Consolidated income tax benefit applicable \$79 million (2000 - \$52 million benefit; 1999 - \$110 million expense).

(b) Consolidated income tax benefit applicable \$63 million (2000 - \$4 million benefit; 1999 - \$2 million expense).

NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>32 Retained profits</b>	2001	BHP Billiton Ltd Group			BHP Billiton Ltd	
	\$m	US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
Retained profits at the beginning of the financial period	<b>2 841</b>	<b>1 448</b>	1 826	4 826	<b>5 213</b>	2 393
Adjustment for initial adoption of revised accounting standard AASB 1016: Accounting for Investments in Associates			250			
Dividends provided for or paid (a)	<b>(912)</b>	<b>(465)</b>	(903)	(766)	<b>(912)</b>	(903)
Aggregate of amounts transferred from reserves (b)	<b>(6)</b>	<b>(3)</b>	41	78	-	-
Net profit/(loss)	<b>2 007</b>	<b>1 024</b>	1 627	(2 312)	<b>2 525</b>	3 723
Retained profits at the end of the financial period	<b>3 930</b>	<b>2 004</b>	2 841	1 826	<b>6 826</b>	5 213

(a) Refer note 10.

(b) Refer note 31.

<b>33 Outside equity interests</b>				
Interest in the equity of the consolidated entity				
Contributed equity	<b>454</b>	<b>231</b>	392	424
Reserves	<b>156</b>	<b>80</b>	53	17
Retained profits	<b>(366)</b>	<b>(187)</b>	207	274
Total outside equity interests	<b>244</b>	<b>124</b>	652	715

<b>34 Total equity</b>						
Total equity at the beginning of the financial period	<b>11 005</b>	<b>5 612</b>	9 361	12 409	<b>12 325</b>	8 945
Total changes in equity recognised in the Statement of Financial Performance	<b>2 643</b>	<b>1 348</b>	2 050	(2 524)	<b>2 525</b>	3 723
Transactions with owners						
- contributed equity	<b>164</b>	<b>83</b>	560	351	<b>164</b>	560
- dividends (a)	<b>(912)</b>	<b>(465)</b>	(903)	(766)	<b>(912)</b>	(903)
OneSteel spin-out						
- capital reduction (b)	<b>(1 244)</b>	<b>(634)</b>			<b>(1 244)</b>	
- credited to general reserve	-	-			<b>100</b>	
Total changes in outside equity interests	<b>(408)</b>	<b>(208)</b>	(63)	(109)		
Total equity at the end of the financial period	<b>11 248</b>	<b>5 736</b>	11 005	9 361	<b>12 958</b>	12 325

(a) Refer note 10.

(b) Refer note 2 (Spin-out of steel businesses).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**35 Notes to the Statement of Cash Flows**

For the purpose of the Statement of Cash Flows, cash is defined as cash and cash equivalents. Cash equivalents include highly liquid investments which are readily convertible to cash, bank overdrafts and interest bearing liabilities at call.

	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001	2001	2000	1999	2001	2000
	\$m	US\$m	\$m	\$m	\$m	\$m
<b>Reconciliation of cash</b>						
Cash and cash equivalents comprise:						
Cash assets						
Cash	581	296	684	460	7	4
Short term deposits	602	307	355	270	-	-
Total cash assets	1 183	603	1 039	730	7	4
Bank overdrafts (a)	(72)	(37)	(102)	(157)	-	(7)
Total cash and cash equivalents	1 111	566	937	573	7	(3)
<b>Reconciliation of net cash provided by operating activities to net profit/(loss)</b>						
Net profit/(loss)	1 509	770	1 593	(2 309)	2 525	3 723
Depreciation and amortisation	2 402	1 225	2 292	2 218	32	72
Share of net profit of associated entities less dividends	25	13	(6)	-	-	-
Capitalised borrowing costs	(28)	(14)	(19)	(194)	-	(1)
Exploration, evaluation and development expense	427	218	309	475	-	-
Net (gain)/loss on sale of non-current assets	(388)	(198)	(201)	(871)	144	(2)
Write-down of property, plant and equipment, investments and intangibles	1 171	597	1 171	2 725	461	116
Change in assets and liabilities net of effects from acquisitions and disposals of controlled entities and exchange fluctuations						
Decrease/(increase) in inventories	141	72	52	380	177	69
Decrease/(increase) in deferred charges	(297)	(151)	(115)	13	10	(7)
Decrease/(increase) in trade receivables	(106)	(54)	(221)	273	42	51
Decrease/(increase) in sundry receivables	(125)	(64)	50	(36)	(79)	(11)
(Decrease)/increase in income taxes payable	417	212	130	(309)	(6)	31
(Decrease)/increase in deferred taxes	76	38	(631)	(235)	(58)	48
(Decrease)/increase in trade creditors	565	288	(201)	(68)	15	(88)
(Decrease)/increase in sundry creditors	(159)	(81)	(56)	(48)	53	58
(Decrease)/increase in interest payable	(87)	(44)	58	(70)	-	-
(Decrease)/increase in other provisions	(508)	(259)	(293)	1 625	55	(116)
Other movements	(30)	(15)	26	16	(23)	(12)
Net cash provided by operating activities	5 005	2 553	3 938	3 585	3 348	3 931
<b>Acquisitions of controlled entities</b>						
Fair value of assets and liabilities of entities acquired:						
Cash and cash equivalents	29	15	-	-	-	-
Receivables (current)	5	3	-	-	-	-
Other (current)	48	24	-	-	-	-
Property, plant and equipment	982	501	-	-	-	-
Payables and interest bearing liabilities (current)	53	27	-	-	-	-
Provisions (current)	(151)	(77)	-	-	-	-
Payables and interest bearing liabilities (non-current)	(1)	(1)	-	-	-	-
Provisions (non-current)	(132)	(67)	-	-	-	-
Net outside equity interests	(87)	(45)	-	-	-	-
Net identifiable assets	746	380	-	-	-	-
Net consideration paid						
- cash	733	374	-	-	-	-
- deferred portion	13	6	-	-	-	-
Goodwill on acquisition	-	-	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS CONTINUED

35 Notes to the Statement of Cash Flows continued	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
<b>Carrying amount of controlled entities disposed</b>						
Value of assets and liabilities of entities disposed of:						
Cash and cash equivalents	108	55	41	(2)		
Investments (current)	10	5	-	-		
Receivables (current)	305	156	171	80		
Inventories (current)	551	281	109	111		
Other (current)	19	10	6	5		
Receivables (non-current)	-	-	6	-		
Investments (non-current)	131	67	7	-		
Inventories (non-current)	4	2	7	1		
Property, plant and equipment	1 375	700	617	619		
Intangible assets	130	67	-	-		
Other (non-current)	(32)	(16)	95	21		
Payables and interest bearing liabilities (current)	(383)	(196)	(59)	(60)		
Provisions (current)	(111)	(57)	(67)	(35)		
Payables and interest bearing liabilities (non-current)	(674)	(344)	-	-		
Provisions (non-current)	(140)	(71)	(67)	(109)		
Net outside equity interests disposed	(49)	(25)	(13)	-		
Net identifiable assets	1 244	634	853	631		
Net consideration received						
- cash (b)	-	-	707	1 288		
- deferred cash consideration	-	-	71	2		
- capital reduction	1 244	634	-	-		
(Loss)/profit on disposal	-	-	(75)	659		
<b>Non-cash financing and investing activities</b>						
Shares issued:						
Bonus Share Plan	-	-	61	107	-	61
Dividend Investment Plan	1	1	341	279	1	341
Other:						
Employee Share Plan loan instalments	20	10	28	36	20	28
The Bonus Share Plan is in lieu of dividends and the Dividend Investment Plan is an application of dividends. The Employee Share Plan loan instalments represent the repayment of loans outstanding with the BHP Billiton Limited Group, by the application of dividends.						
<b>Material acquisitions and disposals of controlled entities</b>						
<b>Acquisitions</b>						
Company		Beneficial interest %		Consideration \$m		Fair value of net tangible assets acquired \$m
<b>2001</b>						
Dia Met Minerals Ltd		89.36		(c)		(c)
Dia Met Minerals (NWT) Ltd		89.36		(c)		(c)
555550 B.C. Ltd		89.36		(c)		(c)
Dia Met Exploration Ltd		89.36		(c)		(c)
Bold Era Mining Ltd		89.36		(c)		(c)
Dia Met Minerals (Africa) Ltd		89.36		(c)		(c)
Oy Alwima Ltd		89.36		(c)		(c)
<b>2000</b>						
There were no material acquisitions during the year.						
<b>1999</b>						
There were no material acquisitions during the year.						



## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>35 Notes to the Statement of Cash Flows continued</b>			
<b>Material acquisitions and disposals of controlled entities</b>			
<b>Disposals</b>			
Company	Profit/(loss) attributable to members of BHP Billiton Ltd arising on disposal \$m	Fair value of net tangible assets on disposal \$m	Beneficial interest remaining %
<b>2001</b>			
OneSteel Limited Group (d)	-	<b>1 244</b>	-
<b>2000</b>			
BHP Steel Building Products USA Inc	25	66	-
BHP Coated Steel Corporation	(252)	596	-
BHP Engineering business	4	27	-
BHP Petroleum (PNG) Inc	80	123	-
BHP Information Technology Pty Ltd	63	(1)	-
BHP Copper White Pine Refinery Inc	-	22	-
<b>1999</b>			
BHP Petroleum (91-12) Pty Ltd	71	147	-
BHP Petroleum (Cartier) Pty Ltd	13	10	-
BHP Petroleum (Pipelines) Pty Ltd	28	-	-
Groote Eylandt Mining Company Pty Ltd	(e)	128	-
Tasmanian Electro Metallurgical Company Pty Ltd	(e)	130	-
Nippon Manganese Sales Pty Ltd	(e)	-	-
Pilbara Energy Pty Ltd	180	203	-

(a) Refer note 24.

(b) Cash received in 2000 excludes \$32 million deferred consideration for controlled entities sold in prior years. There was no deferred consideration received in 2001 or 1999 for entities sold in prior years.

(c) These entities comprised the principal Dia Met assets acquired collectively. Total consideration was \$746 million with \$733 million of cash paid in the current year and \$13 million of deferred consideration. The fair value of net tangible assets acquired was \$746 million.

(d) Refer footnote (m) of note 48 for a full list of the individual entities which comprise the OneSteel Limited Group.

(e) These entities comprised the principal Manganese assets sold collectively. Profit on this sale was \$353 million.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>36 Standby arrangements, unused credit facilities</b>									
BHP Billiton Limited Group	2001 \$m			2001 US\$m			2000 \$m		
	Facility available	Drawn down	Unused	Facility available	Drawn down	Unused	Facility available	Drawn down	Unused
Bank standby and support facilities									
Revolving credit facilities	951	41	910	485	21	464	845	45	800
Overdraft facilities	48	-	48	25	-	25	86	-	86
Commercial paper	1 583	50	1 533	807	25	782	1 332	71	1 261
Total financing facilities	2 582	91	2 491	1 317	46	1 271	2 263	116	2 147

Details of major standby and support arrangements are as follows:

#### Global revolving credit facility

The BHP Billiton Limited Group has in place a multi-currency, multi-jurisdiction revolving credit facility of US\$1 200 million, comprising Tranche A, US\$400 million and Tranche B, US\$800 million.

Tranche A provides working capital and other short term cash requirements. Tranche B supports the BHP Billiton Limited Group's commercial paper programs. This facility also provides same day funds to a value of US\$160 million. Tranche A is due to mature in March 2002 and Tranche B in March 2006.

#### Overdraft facilities

Bank overdraft facilities are arranged with a number of banks with the general terms and conditions agreed on a periodic basis.

#### Commercial paper

The BHP Billiton Limited Group raises short term finance under various commercial paper programs approved by the Board of Directors. The principal programs are: an Australian program to \$1 billion, a US program to US\$500 million and a Euro program to US\$300 million. The total amount drawn down is limited to the equivalent of US\$800 million, which is the value of support provided by Tranche B of the global revolving credit facility.

Amounts drawn down as at 30 June 2001 are:

Australian program \$50 million (2000 - \$30 million), and US program nil (2000 - US\$25 million). There were no draw downs on the Euro program at 30 June 2001, or 30 June 2000.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities**

The BHP Billiton Limited Group has Board approved risk management policies for managing the market risks associated with its business activities and with its financial instruments.

These risks are categorised under the following headings:

- Liquidity and Credit risk; and
- Price risk.

The nature of these risks, the policies the BHP Billiton Limited Group has for controlling them and any concentrations of exposure are discussed under each risk category.

The BHP Billiton Limited Group's Australian accounting policies for financial instruments are set out in note 1.

**Liquidity and Credit risk**

Liquidity risk for derivatives arises from the possibility that a market for derivatives may not exist in some circumstances. To counter this risk the BHP Billiton Limited Group only uses derivatives in highly liquid markets.

Credit risk in relation to business trading activities arises from the possibility that counterparties may not be able to settle obligations to the BHP Billiton Limited Group within the normal terms of trade. To manage this risk the BHP Billiton Limited Group periodically assesses the financial viability of counterparties.

Credit risk for derivatives represents the risk of counterparties defaulting on their contractual derivative obligations and is managed by the application of credit approvals, limits and monitoring procedures.

The extent of the BHP Billiton Limited Group's combined trade and derivative credit risk exposure is represented by the aggregate of amounts receivable, reduced by the effects of any netting arrangement with financial institution counterparties. Refer notes 12 and 16.

These risks are categorised under the following headings:

**Counterparties**

The BHP Billiton Limited Group conducts transactions with the following major types of counterparties:

- *Receivables counterparties*  
Sales to BHP Billiton Limited Group customers are made either on open terms or subject to independent payment guarantees. The BHP Billiton Limited Group has no significant concentration of credit risk with any single customer or group of customers.

– *Payment guarantee counterparties*

These counterparties are comprised of prime financial institutions. Under payment guarantee arrangements, the BHP Billiton Limited Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

– *Hedge counterparties*

Counterparties to derivatives consist of a large number of prime financial institutions and physical participants in the relevant markets. The BHP Billiton Limited Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The BHP Billiton Limited Group does not generally require collateral in relation to the settlement of financial instruments.

**Geographic**

The BHP Billiton Limited Group trades in all major geographic regions and where appropriate export finance insurance and other risk mitigation facilities are utilised to ensure settlement. Countries in which the BHP Billiton Limited Group has a significant credit exposure are Australia, the US, Japan and others including South Korea, China, Taiwan, the UK, the rest of Europe, South-East Asia, New Zealand and South America.

Terms of trade are continually monitored by the BHP Billiton Limited Group.

Selective receivables are covered for both commercial and sovereign risks by payment guarantee arrangements with various banks and the Australian Export Finance and Insurance Corporation.

**Industry**

The BHP Billiton Limited Group is not materially exposed to any individual industry or customer.

**Price risk**

The BHP Billiton Limited Group manages its exposure to price risk, including interest rates, exchange rates and commodity prices through a set of policies, procedures and limits approved by the Board of Directors.

During the year ended 30 June 2001, the BHP Billiton Limited Group conducted a comprehensive review of its strategy in relation to its market price risks, including the disclosure of hedging positions.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities** continued

As a result of this review, a new approach to market risk management, Portfolio Risk Management, was approved by the Board of Directors and announced in December 2000.

The objective of the new strategy is to support the delivery of financial targets while protecting future financial security and flexibility.

The strategy entails managing risk at the portfolio level through the adoption of a 'self insurance' model, by taking advantage of the natural hedges provided through the scale, diversity and flexibility of the portfolio as the principal means for managing risk.

There are two components to the Portfolio Risk Management strategy:

- *Risk mitigation* - where risk is managed at the portfolio level within an approved Cash flow at Risk (CFaR) framework to support the achievement of the BHP Billiton Limited Group's broader strategic objectives. The CFaR framework is a means to quantify the variability of the BHP Billiton Limited Group's cash flows after taking into account diversification effects. (CFaR is the worst expected loss relative to projected business plan cash flows over a one-year horizon under normal market conditions at a confidence level of 95%. Cash flow is measured as earnings after interest, but before taxes, depreciation and amortisation).

Where CFaR is within the Board approved CFaR limit, hedging activities are not undertaken. Based on current CFaR analysis of the BHP Billiton Limited Group corporate business plan, hedging will not be required for the foreseeable future. Hedge positions which existed on the announcement date in December 2000 will be allowed to run-off. There may be circumstances when it becomes appropriate to mitigate risk in order to support broader strategic objectives. In such circumstances, BHP Billiton Limited Group may execute hedge transactions. If required, hedging will be executed rateably across all risk categories where there is a liquid traded market. As at 30 June 2001, CFaR was \$1 540 million.

- *Strategic financial transactions* - opportunistic transactions to capture value from perceived market over/under valuations. These transactions occur on an infrequent basis and are treated separately to the risk mitigation transactions, with all gains and losses included in the Statement of Financial Performance at the end of each reporting period. These transactions are strictly controlled under a separate stop-loss and Value at Risk limit framework. There have been no strategic financial transactions undertaken to date.

**Risk Mitigation hedging positions*****Interest rate risk***

The BHP Billiton Limited Group is exposed to interest rate risk on its outstanding interest bearing liabilities and investments. Interest rate risk is managed as part of the Portfolio Risk Management strategy and within the overall CFaR limit. There are no individual hedging guidelines that apply to interest rate risk. When required hedging is undertaken through transactions entered into in interest rate markets. Interest rate and cross currency swaps have been used for hedging purposes under the previous policy.

Interest rate details and maturity profiles of the BHP Billiton Limited Group's interest bearing liabilities, after taking into account the effect of interest rate and cross currency swaps, are disclosed in notes 24 and 27.

The table below presents notional amounts and weighted average interest rates that the BHP Billiton Limited Group has agreed to pay under interest rate swaps that are outstanding at the balance dates indicated. The information is presented in Australian dollar equivalents, which is the BHP Billiton Limited Group's reporting currency. The instruments' actual cash flows are denominated in US dollars, Australian dollars and UK pounds as indicated.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

37 Market risk, financial instruments and commodities continued	Weighted average interest rate payable		Weighted average interest rate receivable		BHP Billiton Ltd Group		
	2001	2000	2001	2000	2001	2001	2000
Interest rate swaps	%	%	%	%	\$m	US\$m	\$m
<b>US dollar swaps</b>							
Pay fixed/receive floating (a)							
2000		5.66		6.74			234
2001	6.30	5.66	6.76	-	80	41	234
2002	6.30	5.66	-	-	80	41	234
<b>UK pounds swaps</b>							
Pay floating (a)/receive fixed							
2000		6.40		9.49			95
2001	6.30	-	9.49	9.49	70	36	63
2002	-	-	9.49	9.49	35	18	32
<b>Australian dollar swaps</b>							
Pay floating (a)/receive fixed							
2000		6.41		7.36			300
2001	6.18	-	7.36	7.36	300	153	300
2002	-	-	7.36	7.36	300	153	300
2003	-	-	7.36	7.36	300	153	300
2004	-	-	7.36	7.36	300	153	300
2005	-	-	7.36	7.36	300	153	300

(a) Floating interest rate in future periods will be based on LIBOR for US dollar and UK pounds swaps and BBSW for Australian dollar swaps applicable at the time of the interest rate reset.

#### Foreign exchange risk - interest bearing liabilities

In addition to transactional exposures related to sales and purchases, the BHP Billiton Limited Group has interest bearing liabilities denominated in foreign currencies. The BHP Billiton Limited Group has a natural hedge between net foreign assets and interest bearing liabilities in certain currencies.

If circumstances arise that render the natural hedge deficient, then specific hedging utilising cross currency swaps may occur. This generally results in shifting the foreign currency exposure to an Australian dollar exposure, although when the natural hedge provided by foreign currency assets is under-utilised, currency swaps may be undertaken to shift the currency exposure to that foreign currency.

Debt maturity profiles and currency analysis of the BHP Billiton Limited Group interest bearing liabilities are disclosed in notes 24 and 27.

Under a cross currency swap agreement, the BHP Billiton Limited Group agrees to exchange, with a counterparty, the principal (and interest) payment obligations of a loan which is denominated in a different currency. Principal amounts are usually exchanged at the commencement of the agreement and on maturity.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities continued**

The table below presents principal amounts and weighted average interest rates that the BHP Billiton Limited Group has agreed to pay under cross currency swaps that are outstanding at the balance dates indicated together with the weighted average contracted exchange rates. The information is presented in

Australian dollar equivalents, which is the BHP Billiton Limited Group's reporting currency. The instruments' actual cash flows are denominated in US dollars, UK pounds, Japanese yen and Australian dollars as indicated.

Cross currency swaps	Weighted average exchange rate		Weighted average interest rate payable		Weighted average interest rate receivable		BHP Billiton Ltd Group (a)		
	2001	2000	2001	2000	2001	2000	2001	2001	2000
			%	%	%	%	\$m	US\$m	\$m
<b>US dollar to Australian dollar swaps</b>									
Pay fixed/receive fixed									
2000		0.6457		7.18		7.19			1 936
2001	<b>0.6579</b>	0.6579	<b>7.49</b>	7.49	<b>7.49</b>	7.49	<b>1 597</b>	<b>814</b>	1 597
2002	<b>0.6552</b>	0.6552	<b>7.19</b>	7.19	<b>7.18</b>	7.18	<b>1 221</b>	<b>623</b>	1 221
2003	<b>0.6601</b>	0.6601	<b>6.71</b>	6.71	<b>6.75</b>	6.75	<b>152</b>	<b>78</b>	152
<b>US dollar to UK pounds swaps</b>									
Pay fixed/receive fixed									
2000		1.6662		7.45		6.60			685
2001	<b>1.6662</b>	1.6662	<b>7.45</b>	7.45	<b>6.60</b>	6.60	<b>754</b>	<b>385</b>	685
2002	<b>1.6662</b>	1.6662	<b>7.45</b>	7.45	<b>6.60</b>	6.60	<b>754</b>	<b>385</b>	685
2003	<b>1.6673</b>	1.6673	<b>7.37</b>	7.37	<b>6.69</b>	6.69	<b>502</b>	<b>256</b>	456
2004	<b>1.6673</b>	1.6673	<b>7.37</b>	7.37	<b>6.69</b>	6.69	<b>502</b>	<b>256</b>	456
2005	<b>1.6673</b>	1.6673	<b>7.37</b>	7.37	<b>6.69</b>	6.69	<b>502</b>	<b>256</b>	456
<b>Japanese yen to US dollar swaps</b>									
Pay floating (b)/receive fixed									
2000		128.41		6.94		5.71			68
2001	<b>128.41</b>	128.41	<b>7.18</b>	-	<b>5.71</b>	5.71	<b>80</b>	<b>41</b>	68
2002	<b>128.41</b>	128.41	-	-	<b>5.71</b>	5.71	<b>80</b>	<b>41</b>	68
Pay fixed/receive fixed									
2000		122.97		9.18		6.38			32
2001	<b>122.97</b>	122.97	<b>9.18</b>	9.18	<b>6.38</b>	6.38	<b>13</b>	<b>7</b>	21

(a) Amount represents \$A equivalent of principal payable under the swap contract.

(b) Floating interest rate on pay leg in future periods will be based on LIBOR applicable at the time of the interest rate reset.

**Foreign exchange risk – transactional exposures**

The BHP Billiton Limited Group is exposed to exchange rate transaction risk on foreign currency sales and purchases. The most significant exchange rate risk is the anticipated US dollar receipts of Australian based entities. Foreign exchange risk is managed as part of the Portfolio Risk Management strategy and within the overall CFaR limit. There are no individual hedging guidelines that apply to foreign exchange risk.

When required, hedging is undertaken through transactions entered into in foreign exchange markets. Forward exchange contracts and currency option contracts have been used for hedging purposes under the previous policy.

The tables below provide information about the BHP Billiton Limited Group's outstanding foreign exchange contracts which have not been recognised in the accounts.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities continued***Forward contracts - sell US dollars/buy Australian dollars*

Term	Weighted average A\$/US\$ exchange rate		BHP Billiton Ltd Group contract amounts	
	2001	2000	2001 US\$m	2000 US\$m
Not later than one year	<b>0.6884</b>	0.6963	<b>1 140</b>	1 351
Later than one year but not later than two years	<b>0.6572</b>	0.6884	<b>910</b>	1 140
Later than two years but not later than three years	<b>0.6170</b>	0.6572	<b>360</b>	910
Later than three years but not later than four years	-	0.6170	-	360
<b>Total</b>	<b>0.6650</b>	0.6759	<b>2 410</b>	3 761

*Forward contracts - sell Australian dollars/buy US dollars*

Term	Weighted average A\$/US\$ exchange rate		BHP Billiton Ltd Group contract amounts	
	2001	2000	2001 US\$m	2000 US\$m
Not later than one year	<b>0.5250</b>	0.6350	<b>46</b>	118
<b>Total</b>	<b>0.5250</b>	0.6350	<b>46</b>	118

*Foreign exchange options - sell US dollars/buy Australian dollars*

Term	Weighted average A\$/US\$ exchange rate		Weighted average A\$/US\$ exchange rate		BHP Billiton Ltd Group contract amounts	
	2001		2000		2001	2000
	A\$ Call options	A\$ Put options	A\$ Call options	A\$ Put options	US\$m	US\$m
Not later than one year	<b>0.6260</b>	<b>0.6503</b>	0.6583	0.6259	<b>590</b>	480
Later than one year but not later than two years	<b>0.6126</b>	<b>0.6612</b>	0.6789	0.6503	<b>180</b>	230
Later than two years but not later than three years	-	-	0.6912	0.6612	-	60
<b>Total</b>	<b>0.6227</b>	<b>0.6542</b>	0.6668	0.6357	<b>770</b>	770

*Forward contracts - sell US dollars/buy New Zealand dollars*

Term	Weighted average NZ\$/US\$ exchange rate		BHP Billiton Ltd Group contract amounts	
	2001	2000	2001 US\$m	2000 US\$m
Not later than one year	<b>0.4869</b>	0.4858	<b>20</b>	17
Later than one year but not later than two years	<b>0.4544</b>	0.4869	<b>17</b>	20
Later than two years but not later than three years	<b>0.4000</b>	0.4818	<b>7</b>	12
<b>Total</b>	<b>0.4584</b>	0.4852	<b>44</b>	49

NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities continued**

*Forward contracts - sell Japanese yen/buy New Zealand dollars*

Term	Weighted average NZ\$/¥ exchange rate		BHP Billiton Ltd Group contract amounts	
	2001	2000	2001 NZ\$m	2000 NZ\$m
Not later than one year	<b>44.5105</b>	47.1720	<b>10</b>	12
Later than one year but not later than two years	-	44.5105	-	10
<b>Total</b>	<b>44.5105</b>	45.9653	<b>10</b>	22

*Forward contracts - sell Australian dollars/buy Euros*

Term	Weighted average Euro/A\$ exchange rate		BHP Billiton Ltd Group contract amounts	
	2001	2000	2001 EURm	2000 EURm
Not later than one year	-	0.6296	-	1
<b>Total</b>	-	0.6296	-	1



## NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities continued**
**Commodity price risk**

The BHP Billiton Limited Group is exposed to price risk on the commodities that it produces and utilises in its production processes. Commodity price risk is managed as part of the Portfolio Risk Management strategy and within the overall CFaR limit. There are no individual hedging guidelines that apply to commodity price risk. Hedging is undertaken through transactions entered into in the forward markets of the respective commodities, including both exchange traded and over the counter markets.

The following table provides information about the BHP Billiton Limited Group's material derivative contracts, which have not been recognised in the accounts.

Contract amounts are used to calculate the contractual payments and quantity of inventory to be exchanged under the contracts.

BHP Billiton Limited Group	Volume		Units	Average rate		Term to maturity (months)	Notional amount (a)	
	2001	2000		2001 US\$	2000 US\$		2001 US\$m	2000 US\$m
<b>Copper</b>								
Forwards (sell)	-	33	million lbs	-	0.82	0-12	-	27
Collars	-	146	million lbs	-	0.74-0.90	0-12	-	109
Purchased puts	-	66	million lbs	-	0.79	0-12	-	52
Purchased calls	-	146	million lbs	-	0.90	0-12	-	132
<b>Gold</b>								
Forwards (sell)	<b>70 963</b>	193 890	troy oz	<b>322</b>	316	0-12	<b>23</b>	61
	-	70 963	troy oz	-	322	13-24	-	23
Total	<b>70 963</b>	264 853	troy oz				<b>23</b>	84
Forwards (buy)	<b>44 380</b>	87 090	troy oz	<b>286</b>	277	0-12	<b>13</b>	24
	-	44 380	troy oz	-	286	13-24	-	13
Total	<b>44 380</b>	131 470	troy oz				<b>13</b>	37
<b>Silver</b>								
Forwards (sell)	<b>1 390 000</b>	5 795 000	troy oz	<b>5.52</b>	5.50	0-12	<b>8</b>	32
	<b>400 000</b>	1 390 000	troy oz	<b>5.50</b>	5.52	13-24	<b>2</b>	8
	-	400 000	troy oz	-	5.50	25-36	-	2
Total	<b>1 790 000</b>	7 585 000	troy oz				<b>10</b>	42
Collars	-	900 000	troy oz	-	5.25-6.10	0-12	-	5
<b>Aluminium</b>								
Forwards (buy)	<b>3 227</b>	10 756	tonnes	<b>1 541.16</b>	1 509.79	0-12	<b>5</b>	16
	-	1 282	tonnes	-	1 551.81	13-24	-	2
Total	<b>3 227</b>	12 038	tonnes				<b>5</b>	18
<b>Zinc</b>								
Forwards (buy)	<b>9 659</b>	31 410	tonnes	<b>1 145.20</b>	1 123.66	0-12	<b>11</b>	35
	-	4 369	tonnes	-	1 135.27	13-24	-	5
Total	<b>9 659</b>	35 779	tonnes				<b>11</b>	40
<b>Crude Oil</b>								
Forwards (sell)	-	12	mbbls	-	21.00	0-12	-	245

(a) The notional amount represents the face value of each transaction and accordingly expresses the volume of these transactions, but is not a measure of exposure.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**37 Market risk, financial instruments and commodities** continued**Other Financial Instruments**

During 1999 the BHP Billiton Limited Group entered into two amortising swap agreements with notional principals of US\$95 million and US\$71 million, which mature on 31 May 2005. Under the swap agreements, the BHP Billiton Limited Group pays LIBOR plus 1% per annum to the counterparty and receives 9.02% per annum fixed and LIBOR plus 0.5% per annum respectively. As at 30 June 2001, the outstanding notional principals were US\$65 million (2000 - US\$77million) and US\$48 million (2000 - US\$58 million) respectively.

**Fair value of financial instruments**

Financial instruments are held to maturity in the normal course of business and accordingly are recorded at cost or redemption amount as appropriate. The recorded amount is described below as the carrying amount, otherwise known as book value.

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

**Cash and current receivables**

The carrying amount approximates fair value because of the short period to maturity of these instruments.

**Other current financial assets**

Except as otherwise indicated, the carrying amount approximates fair value because of the short period to maturity of these investments. Refer note 13.

**Non-current other financial assets**

The fair values are estimated based on quoted market prices for those financial assets (or similar) where prices are available.

For other financial assets where there are no quoted market prices, a reasonable estimate of fair value has been calculated based on the expected cash flows or the underlying net asset base for each asset. The financial assets have not been written down as the carrying value is considered recoverable.

**Employee Share Plan loans**

The fair value of loans is based on the present value of anticipated future receipts. The loans have not been written down as the carrying value is considered recoverable.

**Non-current receivables (excluding Employee Share Plan loans)**

The fair values are estimated based on the present value of anticipated future receipts. The receivables have not been written down as the carrying value is considered recoverable.

**Short term interest bearing liabilities**

The carrying amount approximates fair value because of the short period to maturity of these instruments.

**Long term interest bearing liabilities**

The fair value of the BHP Billiton Limited Group's long term loans is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile.

**Fair value of derivatives**

The fair value of derivatives is based upon market valuations.

**Future service fee obligations**

The fair value represents the present value of service fees payable over the term of the agreement for the sale of Employee Share Plan receivables.

The following table gives a comparison of carrying amounts and estimated fair values for material instruments based on current market circumstances. Short term instruments, where carrying amounts and estimated fair values are identical, are omitted.

The carrying amounts in the following table are included in the Statement of Financial Position under the indicated captions.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

<b>37 Market risk, financial instruments and commodities continued</b>	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	2001	2001	2001	2001	2000	2000
BHP Billiton Limited Group	\$m	\$m	US\$m	US\$m	\$m	\$m
<b>Items included in the Statement of Financial Position</b>						
Assets (non-current)						
Other financial assets	84	103	43	53	342	341
Employee Share Plan loans	41	31	21	16	40	28
Receivables	187	162	95	83	149	124
Liabilities (non-current)						
Interest bearing liabilities						
– debt	(6 567)	(6 697)	(3 349)	(3 415)	(5 990)	(6 068)
– cross currency swaps	496	496	253	253	228	228
Finance leases	(67)	(67)	(34)	(34)	(68)	(68)
Other	(119)	(92)	(61)	(47)	(38)	(24)
<b>Items not included in the Statement of Financial Position</b>						
Interest rate swaps		18		9		17
Cross currency swaps		63		32		(40)
Foreign exchange contracts		(1 190)		(607)		(636)
Copper						5
Gold		6		3		12
Silver		4		2		5
Aluminium		-		-		2
Zinc		(5)		(3)		2
Crude oil						(151)
Future service fee obligations		(42)		(21)		(91)

NOTES TO FINANCIAL STATEMENTS CONTINUED

38 Contingent liabilities	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Contingent liabilities at balance date, not otherwise provided for in these accounts, are categorised as arising from					
Joint ventures - unsecured	105	54	490	-	-
Other - unsecured (a)	1 259	642	1 699	15 331	19 683
Total contingent liabilities	1 364	696	2 189	15 331	19 683

(a) Includes loan and performance guarantees.

**Ok Tedi Mining Limited**

On 7 June 1996, Rex Dagi, Alex Maun and the remaining plaintiffs to Victorian Supreme Court proceedings against BHP Billiton Limited and Ok Tedi Mining Limited (OTML) entered into a Settlement Agreement. The principal terms of the agreement included the following:

- Each of the parties was required to make public announcements in terms agreed among the parties, to commit to the obligations in the public announcements and to support a process to reach agreement with the Lower Ok Tedi village communities.
- BHP Billiton Limited agreed to commit as soon as practicable to the implementation of any tailings option recommended by the independent enquiry or review to be conducted by the State (the tailings option) providing BHP Billiton Limited bona fide considers that option to be economically and technically feasible.
- BHP Billiton Limited's commitment to implement the tailings option is subject to unexpected or unforeseen circumstances which may render the tailings option economically or technically unfeasible; and obtaining all necessary leases and other approvals required from the landowners and the State.

On 11 April 2000, two legal actions were commenced in the Victorian Supreme Court against OTML and BHP Billiton Limited. Rex Dagi is plaintiff in the first action, Gabia Gagarimabu is plaintiff in the second action on his own behalf and on behalf of the remaining parties to the Settlement Agreement. Both actions seek specific performance of the Settlement Agreement and/or an injunction to require the implementation by BHP Billiton Limited and OTML of a tailings pipeline and storage system and damages. However, the plaintiffs have not identified a tailings retention scheme which could feasibly be implemented. On 27 August 2001 the Supreme Court of Victoria heard an application relating to procedural matters in this action. OTML and BHP Billiton Limited continue to assert that there has been no breach of the Settlement Agreement and will continue to defend the claims.

**Bass Strait - Longford**

Following the 25 September 1998 explosion and fire at Longford, a class action was commenced in the Federal Court of Australia on behalf of Victorian gas consumers and employees stood down by employers during the shortage of gas following those events (together the "Applicants"). On 12 April 2001 the action was transferred to the Supreme Court of Victoria. The action is against Esso Australia Resources Pty Ltd (Esso). Esso has joined the State of Victoria and various entities associated with the State (together the "State Entities") as cross respondents alleging certain failures and contributory negligence on the part of the State Entities. In turn, the State Entities have joined BHP Petroleum (Bass Strait) Pty Ltd ("BHPP") as a further cross respondent, with the effect that if any sums are recovered against the State Entities they will seek contribution from BHPP. The Applicants' alleged losses have not been quantified.

In addition to BHPP's potential liability to the State Entities under the cross claims, in certain circumstances Esso, as operator, is entitled to be indemnified by BHPP as a 50% joint venturer for certain categories of legal costs incurred by Esso and payments made in satisfaction of claims.

In turn, BHPP may have rights against Esso as operator in relation to losses and costs BHPP has incurred in relation to the incident, including under the cross claim by the State Entities. It is unlikely that these issues will be resolved in the near term.

**DLC structure**

Refer note 53 for information about cross guarantees which result from the DLC structure established between BHP Billiton Limited and BHP Billiton Plc.

**Income tax audit**

Refer note 2 (Non-deductibility of financing costs).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

39 Commitments for expenditure	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
<b>Capital expenditure commitments not provided for in the accounts</b>					
Due not later than one year	1 493	762	389	-	-
Due later than one year and not later than five years	728	371	217	-	-
Total capital expenditure commitments	2 221	1 133	606	-	-
<b>Lease expenditure commitments</b>					
Finance leases (a)					
Due not later than one year	8	4	7	-	-
Due later than one year and not later than five years	34	17	29	-	-
Due later than five years	64	33	64	-	-
Total commitments under finance leases	106	54	100	-	-
<i>deduct</i> future financing charges	36	18	29	-	-
Finance lease liability	70	36	71	-	-
Operating leases (b)					
Due not later than one year	517	263	492	22	25
Due later than one year and not later than five years	911	465	1 084	29	52
Due later than five years	738	376	697	-	1
Total commitments under operating leases	2 166	1 104	2 273	51	78
<b>Other commitments (c) (d)</b>					
Due not later than one year					
Supply of goods and services	339	173	247	-	-
Royalties	43	22	38	-	-
Exploration expenditure	67	34	87	-	-
Chartering costs	99	50	109	-	-
	548	279	481	-	-
Due later than one year and not later than five years					
Supply of goods and services	1 228	626	970	-	-
Royalties	184	94	143	-	-
Exploration expenditure	64	33	77	-	-
Chartering costs	184	94	142	-	-
	1 660	847	1 332	-	-
Due later than five years					
Supply of goods and services	1 525	777	1 561	-	-
Royalties	325	166	282	-	-
Chartering costs	168	86	161	-	-
	2 018	1 029	2 004	-	-
Total other commitments	4 226	2 155	3 817	-	-

(a) Finance leases are predominantly related to leases of dry bulk carriers for the Transport and Logistics business. Refer notes 24 and 27.

(b) Operating leases are entered into as a means of acquiring access to property, plant and equipment. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. Certain leases contain extension and renewal options.

(c) Included in other commitments is an amount of \$1 298 million (2000 - \$1 364 million) representing HBI Western Australia's continuing operating commitments under a number of take or pay contracts for supply of products/services.

(d) In addition to the amounts shown above, BHP Billiton Limited has announced an on-market share buy-back program for the purchase of up to 90 million shares (approximately five percent of issued capital). Following implementation of the DLC structure, the buy-back program has been adjusted such that the number of shares continues to represent approximately five per cent of issued capital. The buy-back program is expected to be completed by September 2002, depending on market circumstances. As at 30 June 2001, there have been no shares bought back under this program. Five per cent of issued capital at 30 June 2001 represents approximately 185 million fully paid ordinary shares and is valued at approximately \$1 914 million based on the market price of fully paid ordinary shares as at Friday 29 June 2001 of \$10.39 (which has been adjusted to reflect the bonus issue effective 29 June 2001).

NOTES TO FINANCIAL STATEMENTS CONTINUED

**40 Superannuation commitments**

The BHP Billiton Limited Group contributes to a number of superannuation funds which exist to provide benefits for employees and their dependants on retirement, disability or death. The funds include company sponsored funds, multi-employer industry funds and statutory retirement funds and are either defined benefit or defined contribution arrangements. The BHP Billiton Limited Group and employee members make contributions as specified in the rules of the respective funds.

The total amount of BHP Billiton Limited Group contributions to all funds was \$171 million, \$152 million and \$135 million for 2001, 2000 and 1999 respectively.

The BHP Billiton Limited Group's contribution to retirement plans for all BHP Billiton Limited Group sponsored plans was \$153 million, \$130 million and \$110 million for 2001, 2000 and 1999 respectively.

The BHP Billiton Limited Group contributed \$18 million, \$22 million and \$25 million for 2001, 2000 and 1999 respectively, for employees covered by various multi-employer industry and statutory retirement plans. Information from the plans'

administrators which would permit the BHP Billiton Limited Group to determine its share of accumulated plan benefits or net assets available for benefits under all such plans is not available.

Expenses for defined benefit pension schemes are recognised so as to allocate the cost systematically over the employees service lives on the basis of independent actuarial advice. A pension obligation or asset is recognised in the Statement of Financial Position. In addition, provision is made in the accounts for retirement benefits payable to non-executive Directors.

Independent actuarial reviews of BHP Billiton Limited Group sponsored defined benefit funds are generally undertaken every three years. The actuarial reviews of the BHP Billiton Limited Group sponsored funds included below disclosed actuarial surpluses in the funds, other than the BHP New Zealand Steel Pension Fund, and that there were sufficient funds to meet any benefits that would have vested under the plans in the event of termination of the plans or the voluntary or compulsory termination of the employment of each employee member.

The following is a review of the major funds in which the BHP Billiton Limited Group participates:

Name of fund	Fund type	Last reporting date	Accrued benefits (a) (b)		Plan assets (a)		Net surplus/ (deficit) (a)		Vested benefits (a) (b)	
			2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m
BHP Superannuation Fund (b) (c)	Defined benefit/ Defined contribution	30 June 2001	2 609	3 143	2 818	3 404	209	261	2 798	3 370
Other plans			891	805	883	994	(8)	189	877	752
Total for BHP Billiton Limited Group sponsored plans (d)			3 500	3 948	3 701	4 398	201	450	3 675	4 122

(a) Accrued benefits, plan assets, net surplus/(deficit) and vested benefits are measured as at the last reporting date of each fund listed above. The reporting dates for the other plans are between 1 January 2001 and 31 March 2001.

(b) Vested benefits are benefits which are not conditional upon continued membership of the respective fund or any other factor other than resignation from the fund. Accrued benefits are calculated by the actuary as the present value of future benefit payments in relation to membership up to the dates noted in (a) above. In respect of the BHP Superannuation Fund, the last actuarial review was undertaken as at 30 June 2000. The results of this review were made available after completion of the 2000 annual report, and comparative data presented above has been restated accordingly. The accrued benefits as at 30 June 2001 are estimated.

(c) Enforceable legal obligation on the BHP Billiton Limited Group to contribute. Contributions are made by the member and the BHP Billiton Limited Group and are based on a percentage of a member's salary or wage.

(d) This does not include multi-employer sponsored plans for which the information relating to BHP Billiton Limited Group employees is not available.

NOTES TO FINANCIAL STATEMENTS CONTINUED

41 Remuneration of auditors	BHP Billiton Ltd Group				BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	2001 \$m	2000 \$m
Amounts received or due and receivable by the auditors and its affiliates of BHP Billiton Limited for						
Auditing accounts of BHP Billiton Limited and its controlled entities	6.085	3.103	5.849	6.346	1.361	1.003
Information systems design and implementation	-	-	-	0.862	-	-
Other services	5.675	2.894	5.701	2.293	2.871	3.081
Amounts received or due and receivable by auditors other than the auditors of BHP Billiton Limited for						
Auditing accounts of certain controlled entities	0.441	0.225	0.752	0.625		

42 Remuneration of Directors	BHP Billiton Ltd Group		BHP Billiton Ltd	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Amounts received or due and receivable by Directors of BHP Billiton Limited (a) (b) (c) (d) (e)			12.076	12.153
Amounts received or due and receivable by Directors of BHP Billiton Limited Group controlled entities (a) (b) (c) (d) (e)	171.901	127.551		
Directors whose total income was between (\$)			BHP Billiton Ltd 2001 Number	2000 Number
0 - 9 999			7	1
30 000 - 39 999			-	1
50 000 - 59 999			-	1
110 000 - 119 999			7	6
460 000 - 469 999			-	1
470 000 - 479 999			1	-
1 330 000 - 1 339 999			-	1
2 470 000 - 2 479 999			-	1
2 940 000 - 2 949 999			1	-
7 090 000 - 7 099 999			-	1
7 820 000 - 7 829 999			1	-

- (a) Directors' remuneration has been determined in accordance with Urgent Issues Group Abstract 14 - Directors' Remuneration. For some Executive Directors, remuneration includes BHP Billiton Limited contributions to superannuation funds and an imputed notional contribution calculated at the determined actuarial rate. Where Executive Directors have Employee Share Plan loans an imputed interest component is included in remuneration.
- (b) Options granted during 2001 and 2000 under the Employee Share Plan are subject to both a qualifying period and performance hurdles before they become exercisable. The performance hurdles relate to the BHP Billiton Limited Group's performance against the performance of a number of Australian companies. These options have an exercise price equivalent to market price at date of issue less, in the case of some options, a discount of one cent. The value of an Employee Share Plan option granted during the year ended 30 June 2001 has been determined by an actuary using modified Black-Scholes option pricing techniques to be \$6.40 (pre bonus issue). Remuneration for 2001 includes amounts in relation to options granted during the year. The aggregate remuneration of \$171.901 million includes \$9.050 million for options granted in 2001. In 2000, due to the nature of the performance hurdles which had been established for these options, and in the absence of an appropriate valuation technique, their value was considered to be indeterminable. Valuations are not available using the modified Black-Scholes option pricing techniques for options issued in the prior period. Refer to note 30 for details of all issues.
- (c) Performance Rights granted during 2001 are subject to both a qualifying period and performance hurdles before they become exercisable. The performance hurdles relate to the BHP Billiton Limited Group's performance against the performance of a number of international companies. The value of a Performance Right granted during the year ended 30 June 2001 has been determined by an actuary using modified Black-Scholes option pricing techniques to be \$14.73 (pre bonus issue). Remuneration for 2001 includes amounts in relation to Performance Rights granted during the year. The aggregate remuneration of \$171.901 million includes \$15.402 million for Performance Rights granted in 2001. Refer to note 30 for details of all issues.
- (d) Remuneration for 2001 includes incentives payable to Executive Directors based on the achievement of business performance targets and individual performance for the year ended 30 June 2001. Remuneration for 2000 includes incentives paid to Executive Directors for the financial period ended 30 June 2000 and also includes the payment of incentives related to 1999 performance. A change in the basis of reporting incentive payments was made in the financial period ended 30 June 2000. Non-executive Directors are not entitled to any form of performance related remuneration.
- (e) Directors' remuneration for 2000 excludes benefits of \$0.033 million provided to a former Executive Director in accordance with severance arrangements.

NOTES TO FINANCIAL STATEMENTS CONTINUED

		BHP Billiton Ltd Group and BHP Billiton Ltd (a)	
		2001	2000
		\$m	\$m
<b>43 Retirement payments approved in general meeting</b>			
Prescribed benefits in connection with the retirement of Directors approved in general meeting of BHP Billiton Limited			
W F Blount		-	0.053
M A Jackson		-	0.296
		-	0.349

(a) Directors of the BHP Billiton Limited Group receiving prescribed benefits in connection with retirement are also Directors of BHP Billiton Limited.

		BHP Billiton Ltd Group and BHP Billiton Ltd (a)				BHP Billiton Ltd Group and BHP Billiton Ltd (a)	
		2001	2000			2001	2000
		\$m	\$m			\$m	\$m
<b>44 Remuneration of executive officers - domiciled in Australia</b>							
Amounts received or due and receivable by executive officers (including Executive Directors) whose total income equals or exceeds \$100 000 (a) (b) (c) (d) (e) (f)						<b>60.686</b>	40.868
Executive officers whose total income was between (\$)		BHP Billiton Ltd Group and BHP Billiton Ltd (a)		Executive officers whose total income was between (\$)		BHP Billiton Ltd Group and BHP Billiton Ltd (a)	
		2001	2000			2001	2000
		Number	Number			Number	Number
110 000 - 119 999		-	2	1 200 000 - 1 209 999		1	-
130 000 - 139 999		-	1	1 280 000 - 1 289 999		1	-
150 000 - 159 999		-	1	1 330 000 - 1 339 999		-	1
270 000 - 279 999		-	1	1 460 000 - 1 469 999		1	-
290 000 - 299 999		1	-	1 470 000 - 1 479 999		1	-
340 000 - 349 999		-	1	1 480 000 - 1 489 999		1	-
360 000 - 369 999		1	-	1 570 000 - 1 579 999		-	1
400 000 - 409 999		-	1	1 610 000 - 1 619 999		-	1
410 000 - 419 999		1	-	1 650 000 - 1 659 999		1	-
540 000 - 549 999		1	-	1 660 000 - 1 669 999		1	-
550 000 - 559 999		1	1	1 670 000 - 1 679 999		1	-
570 000 - 579 999		1	-	1 930 000 - 1 939 999		-	1
580 000 - 589 999		1	-	1 960 000 - 1 969 999		-	1
590 000 - 599 999		1	-	2 030 000 - 2 039 999		1	-
610 000 - 619 999		1	-	2 060 000 - 2 069 999		-	1
620 000 - 629 999		-	1	2 200 000 - 2 209 999		-	1
640 000 - 649 999		-	3	2 250 000 - 2 259 999		1	-
660 000 - 669 999		1	-	2 260 000 - 2 269 999		1	-
670 000 - 679 999		-	1	2 330 000 - 2 339 999		1	-
770 000 - 779 999		-	1	2 450 000 - 2 459 999		-	1
800 000 - 809 999		1	-	2 470 000 - 2 479 999		-	1
820 000 - 829 999		-	1	2 530 000 - 2 539 999		-	1
890 000 - 899 999		-	1	2 690 000 - 2 699 999		-	1
900 000 - 909 999		1	-	2 940 000 - 2 949 999		1	-
920 000 - 929 999		2	-	3 110 000 - 3 119 999		1	-
940 000 - 949 999		2	1	3 390 000 - 3 399 999		1	-
950 000 - 959 999		1	-	3 790 000 - 3 799 999		1	-
1 010 000 - 1 019 999		-	1	3 860 000 - 3 869 999		1	-
1 080 000 - 1 089 999		1	-	7 090 000 - 7 099 999		-	1
1 110 000 - 1 119 999		1	1	7 820 000 - 7 829 999		1	-
1 120 000 - 1 129 999		1	-			<b>38</b>	31



## NOTES TO FINANCIAL STATEMENTS CONTINUED

**44 Remuneration of executive officers - domiciled in Australia continued**

- (a) An executive officer is a person who is directly accountable and responsible for the strategic direction and operational management of the BHP Billiton Limited Group. Executive officers of the BHP Billiton Limited Group are also the executive officers of BHP Billiton Limited.
- (b) Executive officers' remuneration has been determined in accordance with Urgent Issues Group Abstract 14 - Directors' Remuneration. For some executive officers, remuneration includes contributions by the BHP Billiton Limited Group to superannuation funds and an imputed notional contribution calculated at the determined actuarial rate. Where executive officers have Employee Share Plan loans an imputed interest component is included in remuneration.
- (c) Options granted during 2001 and 2000 under the Employee Share Plan are subject to both a qualifying period and performance hurdles before they become exercisable. The performance hurdles relate to the BHP Billiton Limited Group's performance against the performance of a number of Australian companies. These options have an exercise price equivalent to market price at date of issue less, in the case of some options, a discount of one cent. The value of an Employee Share Plan option granted during the year ended 30 June 2001 has been determined by an actuary using modified Black-Scholes option pricing techniques to be \$6.40 (pre bonus issue). Remuneration for 2001 includes amounts in relation to options granted during the year. In 2000, due to the nature of the performance hurdles which had been established for these options, and in the absence of an appropriate valuation technique, their value was considered to be indeterminable. Valuations are not available using the modified Black-Scholes option pricing techniques for options issued in the prior period. Refer to note 30 for details of all issues.
- (d) Performance Rights granted during 2001 are subject to both a qualifying period and performance hurdles before they become exercisable. The performance hurdles relate to the BHP Billiton Limited Group's performance against the performance of a number of international companies. The value of a Performance Right granted during the year ended 30 June 2001 has been determined by an actuary using modified Black-Scholes option pricing techniques to be \$14.73 (pre bonus issue). Remuneration for 2001 includes amounts in relation to Performance Rights granted during the year. The aggregate remuneration of executive officers of \$60.686 million includes \$12.965 million for Performance Rights granted in 2001. Refer to note 30 for details of all issues.
- (e) Remuneration for 2001 includes incentives payable to executive officers based on the achievement of business performance targets and individual performance for the year ended 30 June 2001. Remuneration for 2000 includes incentives paid to executive officers for the financial period ended 30 June 2000 and also includes the payment of incentives related to 1999 performance. A change in the basis of reporting incentive payments was made in the financial period ended 30 June 2000.
- (f) Executive officers' remuneration for 2000 excludes benefits of \$0.033 million provided to a former executive officer in accordance with severance arrangements.

	BHP Billiton Ltd Group	
	2001 \$m	2000 \$m
<b>45 Self-insurance workers' compensation provision</b>		
Obligations under self-insurers workers' compensation licences included in provisions for employee benefits:		
New South Wales	93	74
South Australia	2	7
Victoria	5	7
Western Australia	5	-
Queensland	17	5
	<b>122</b>	<b>93</b>

## NOTES TO FINANCIAL STATEMENTS CONTINUED

Joint venture	Countries where business carried on	Principal activities	BHP Billiton Ltd Group interest in share of output	
			2001 %	2000 %
<b>Petroleum</b>				
Bass Strait	Australia	Hydrocarbons production and exploration	50	50
Griffin	Australia	Hydrocarbons production and exploration	45	45
Laminaria	Australia	Hydrocarbons production and exploration	25-33	25-33
North West Shelf	Australia	Hydrocarbons production and exploration	8-17	8-17
Liverpool Bay	UK	Hydrocarbons production and exploration	46	46
North Sea	UK	Hydrocarbons production and exploration	3-60	3-60
Gulf of Mexico	US	Hydrocarbons production	25-45	25-45
Gulf of Mexico	US	Hydrocarbons exploration	5-100	11-100
Latin America	Bolivia	Hydrocarbons production and exploration	50	50
Ohanet	Algeria	Hydrocarbons development	45	60
Blocks 401a/402a	Algeria	Hydrocarbons exploration and development	45	45
Zamzama	Pakistan	Hydrocarbons exploration and development	48	48
<b>Minerals</b>				
Mt Newman	Australia	Iron ore mining	85	85
Mt Goldsworthy	Australia	Iron ore mining	85	85
Yandi	Australia	Iron ore mining	85	85
Central Queensland Coal Associates	Australia	Coal mining	50 (a)	52
Gregory	Australia	Coal mining	50 (a)	64
Ekati™	Canada	Diamond mining	80 (b)	51
Hartley	Zimbabwe	Platinum mining	- (c)	67
Escondida	Chile	Copper mining	57.5	57.5

(a) The BHP Billiton Limited Group's interest in Central Queensland Coal Associates and Gregory joint ventures decreased to 50% in June 2001.

(c) The BHP Billiton Limited Group's interest in Hartley was disposed of in January 2001.

(b) The BHP Billiton Limited Group's effective interest at 30 June 2001 is 77% with 3% attributable to outside equity interests in Dia Met Minerals Ltd.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

47 Elements relating to all unincorporated joint ventures	BHP Billiton Ltd Group		
	2001 \$m	2001 US\$m	2000 \$m
<b>Current assets</b>			
Cash assets	104	53	137
Receivables	381	194	372
Inventories	488	249	528
Other	27	14	20
<b>Non-current assets</b>			
Receivables	34	17	35
Other financial assets	-	-	2
Inventories	68	35	58
Property, plant and equipment	13 373	6 820	11 508
Other	795	406	654
BHP Billiton Limited Group share of assets employed in joint ventures	15 270	7 788	13 314
Contingent liabilities - unsecured (a)	105	54	490
Contracts for capital expenditure not completed (b)	2 025	1 033	497

(a) Included in contingent liabilities arising from joint venture operations. Refer note 38.

(b) Included in capital expenditure commitments. Refer note 39.

## 48 Controlled entities

BHP Billiton Limited Group accounts include a consolidation of the following :

Entity	Place of incorporation	Entity	Place of incorporation
BHP Billiton Limited (a) (b)	Vic	BHP Diamonds Australia Pty Ltd (c)	Vic
		BHP Diamonds Inc	Canada
		BHP Direct Reduced Iron Pty Ltd	WA
		BHP do Brasil Investimentos Ltda	Brazil
		BHP Employee Plan Pty Ltd	Vic
		BHP Empreendimentos Mineraiis Ltda	Brazil
		BHP Engineering (Malaysia) Sdn Bhd	Malaysia
		BHP Escondida Inc	Delaware, USA
		BHP Finance (International) Inc	Delaware, USA
		BHP Finance (Investments) USA Inc	Delaware, USA
		BHP Finance (USA) Inc	Delaware, USA
		BHP Finance (USA) Ltd	Vic
		BHP Finance Investments (I) Pty Ltd	Vic
		BHP Finance Ltd	ACT
		BHP Financial Services (UK) Ltd	Guernsey
		BHP Group Operations Pty Ltd (b)	Vic
		BHP Group Resources Pty Ltd	Vic
		BHP Hawaii Inc	Hawaii, USA
		BHP Holdings (International) Inc	Delaware, USA
		BHP Holdings (Operations) Inc	Delaware, USA
		BHP Holdings (Resources) Inc	Delaware, USA
		BHP Holdings (USA) Inc	Delaware, USA
		BHP Holdings International (Investments) Inc	Delaware, USA
		BHP Information Technology Sdn Bhd	Malaysia

**The following entities are wholly owned except as otherwise noted:**

555550 B.C. Ltd (89.36%) (c)

Amari Wolff Steel Pty Ltd

Australian Iron & Steel Pty Ltd (b)

Beswick Pty Ltd

BHP (USA) Investments Inc

BHP Adhill Inc

BHP Arizona Railroad Company

BHP Asia Pacific Nickel Pty Ltd

BHP Asia Sdn Bhd

BHP Boliviana de Petroleo Inc

BHP Brasil Ltda

BHP Canadian Diamonds Company (c)

BHP Capital No 20 Pty Ltd

BHP Chile Inc

BHP Coal Holdings Pty Ltd (c)

BHP Coal Pty Ltd

BHP Consulting Services (New Zealand) Ltd

BHP Copper Inc

BHP Development Finance Pty Ltd

BHP Diamonds (Belgium) NV

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 48 Controlled entities continued

Entity	Place of incorporation	Entity	Place of incorporation
BHP Innovation Pty Ltd	ACT	BHP Petroleum (Asia/Pacific) Inc	Delaware, USA
BHP Internacional Participacoes Ltda (b)	Brazil	BHP Petroleum (Australia) Pty Ltd	Vic
BHP International Finance Corporation	Delaware, USA	BHP Petroleum (Bass Strait) Pty Ltd	Vic
BHP International Holdings Ltd	Hong Kong	BHP Petroleum (Cambodia) Pty Ltd	Vic
BHP International Marine Transport Inc	Delaware, USA	BHP Petroleum (Canada) Inc	Canada
BHP International Trading (Shanghai) Co, Ltd	China	BHP Petroleum (Deepwater) Inc	Delaware, USA
BHP Investment Holdings Ltd	UK	BHP Petroleum (Exploration) Inc	Delaware, USA
BHP Investments (Europe) Ltd	UK	BHP Petroleum (GOM) Inc	Delaware, USA
BHP Iron Ore (Jimblebar) Pty Ltd	WA	BHP Petroleum (India) Pvt Ltd	India
BHP Iron Ore Pty Ltd	WA	BHP Petroleum (International Exploration) Pty Ltd	Vic
BHP Iron Pty Ltd	WA	BHP Petroleum (LNG Ships) Pty Ltd	Vic
BHP Japan Pty Ltd	Vic	BHP Petroleum (North West Shelf) Pty Ltd	Vic
BHP Khanij Anveshana Private Limited	India	BHP Petroleum (Otit) Inc	Canada
BHP Lysaght (Hong Kong) Ltd	Hong Kong	BHP Petroleum (Pakistan) Pty Ltd	Qld
BHP Lysaght Rabaul Ltd (80%)	PNG	BHP Petroleum (Pipelines Investments) Pty Ltd	ACT
BHP Madagascar SARL	Madagascar	BHP Petroleum (Tankers) Ltd	Bermuda
BHP Marine & General Insurances Pty Ltd	Vic	BHP Petroleum (Tolo) Inc	Canada
BHP Mineral Resources Inc	Delaware, USA	BHP Petroleum (Trinidad) Ltd	Canada
BHP Minerals Asia Inc	Delaware, USA	BHP Petroleum (Trinidad - 2AB) Ltd	Canada
BHP Minerals Asia Pacific Pty Ltd	WA	BHP Petroleum (UK) Corporation	Delaware, USA
BHP Minerals Europe Ltd	UK	BHP Petroleum (UK) Ltd	UK
BHP Minerals Exploration Inc	Delaware, USA	BHP Petroleum (Victoria) Pty Ltd	Vic
BHP Minerals Ghana Inc	Delaware, USA	BHP Petroleum Great Britain Ltd	UK
BHP Minerals Holdings Pty Ltd	Vic	BHP Petroleum International Pty Ltd	Vic
BHP Minerals India Pvt Ltd	India	BHP Petroleum Licences Ltd	UK
BHP Minerals International Exploration Inc	Delaware, USA	BHP Petroleum Ltd	UK
BHP Minerals International Inc	Delaware, USA	BHP Petroleum North Sea Ltd	UK
BHP Minerals Norway Pty Ltd	WA	BHP Petroleum Pty Ltd	Vic
BHP Minerals Pacific Inc	Nevada, USA	BHP Petroleum Trading and Marketing (Asia) Pte Ltd	Singapore
BHP Minerals Pty Ltd	WA	BHP Petroleum Trading & Marketing Inc	Delaware, USA
BHP Minerals Service Company	Delaware, USA	BHP Petroleum Trading and Marketing Pty Ltd	NSW
BHP Minerals Sulawesi Inc	Delaware, USA	BHP PNG Services Ltd	PNG
BHP Mitsui Coal Pty Ltd (80%)	Qld	BHP Queensland Coal Limited	Nevada, USA
BHP Navajo Coal Company	Delaware, USA	BHP Refractories Pty Ltd	Vic
BHP Nevada Mining Company	Delaware, USA	BHP Resources Inc	Delaware, USA
BHP Nevada Railroad Company	Nevada, USA	BHP Shared Business Services Pty Ltd	Vic
BHP New Zealand Steel Holdings Ltd	New Zealand	BHP Steel (AIS) Pty Ltd	NSW
BHP New Zealand Steel Ltd	New Zealand	BHP Steel (JLA) Pty Ltd	NSW
BHP New Zealand Steel Mining Ltd	New Zealand	BHP Steel (Malaysia) Sdn Bhd (60%)	Malaysia
BHP Nickel Nouvelle Caledonie SAS	New Caledonia	BHP Steel (Thailand) Ltd (87.5%) (e)	Thailand
BHP Nominees Investments No 1 Pty Ltd	ACT	BHP Steel Americas Inc	Delaware, USA
BHP Nominees Investments No 2 Pty Ltd	Vic	BHP Steel Asia Pte Ltd	Singapore
BHP Nominees Pty Ltd	Vic	BHP Steel Building Products (B) Sdn Bhd (60%)	Brunei
BHP Operations Inc (75%) (d)	Delaware, USA	BHP Steel Building Products (Guangzhou) Ltd	China
BHP Peru Holdings Inc	Delaware, USA	BHP Steel Building Products (Hong Kong) Ltd	Hong Kong
BHP Petroleum (Americas) Inc	Delaware, USA	BHP Steel Building Products (Malaysia) Sdn Bhd (60%)	Malaysia
BHP Petroleum (Angola 21) Inc	Canada	BHP Steel Building Products (Sabah) Sdn Bhd (49%) (f)	Malaysia
BHP Petroleum (Angola 22) Inc	Canada	BHP Steel Building Products (Shanghai) Ltd	China
BHP Petroleum (Argentina) SA	Argentina	BHP Steel Building Products (Thailand) Ltd (75%)	Thailand
BHP Petroleum (Ashmore Operations) Pty Ltd	Vic		

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 48 Controlled entities continued

Entity	Place of incorporation	Entity	Place of incorporation
BHP Steel Building Products (Vanuatu) Ltd (39%) (g)	Vanuatu	Endeavour Industries Pty Ltd (c)	British Virgin Islands
BHP Steel Building Products Lanka (Pvt) Ltd (81.81%) (h)	Sri Lanka	Eloff Mining Company (Pty) Ltd (70%)	South Africa
BHP Steel Building Products New Caledonia SA (65%) (i)	New Caledonia	Fathom Management Corporation	Delaware, USA
BHP Steel Building Products PNG Ltd (80%)	PNG	Florence Copper Inc	Delaware, USA
BHP Steel Building Products Singapore Pte Ltd	Singapore	Glenbrook Holdings Pty Ltd	Vic
BHP Steel Building Products South Pacific Ltd (64%)	Fiji	Glenbrook Representatives Ltd	New Zealand
BHP Steel Building Products Taiwan Ltd (80%)	Taiwan	Global BHP Copper Ltd	Cayman Islands
BHP Steel Building Products Vietnam Co Ltd	Vietnam	Groote Eylandt Manganese Sales Pty Ltd (51%) (k)	Vic
BHP Steel Canada Inc	Canada	Hamilton Brothers Corporation	Delaware, USA
BHP Steel Europe, Middle East Ltd	UK	Hamilton Brothers Exploration Company	Delaware, USA
BHP Steel India Private Ltd	India	Hamilton Brothers Petroleum Corporation	Delaware, USA
BHP Steel International Holdings SA	Panama	Hamilton Oil Company Inc	Delaware, USA
BHP Steel Investments Inc	Delaware, USA	Hay Point Services Pty Ltd	Qld
BHP Steel Middle East Investments Pty Ltd	Vic	Independent Steels Pty Ltd (b)	Vic
BHP Steel N Asia Ltd	Hong Kong	International Resources (b)	Russian Federation
BHP Steel Southern Africa Pty Ltd	South Africa	IPS USA Inc	Delaware, USA
BHP Steel Technology Inc	Delaware, USA	John Lysaght (Australia) Pty Ltd	Vic
BHP Steel-Coal Terminal Management Pty Ltd	NSW	Keithen Ltd	Vic
BHP Stevedoring Pty Ltd	NSW	Kendilo Coal Inc (80%)	Delaware, USA
BHP Tintaya SA (99.95%) (j)	Peru	Marcona International SA	Panama
BHP Titan Limited (80%)	PNG	MetCoal Holdings (Qld) Pty Ltd (c)	NSW
BHP Titanium Minerals Pty Ltd	NSW	Minera Agua Rica, LLC (c)	Delaware, USA
BHP Trading New Zealand Ltd	New Zealand	Minera BHP SA de CV	Mexico
BHP Transport (Belgium) Ltd	Belgium	Minera Bruno SA	Argentina
BHP Transport and Logistics (Europe) Ltd	UK	Minera Pedro SA	Argentina
BHP Transport and Logistics (Malaysia) Sdn Bhd	Malaysia	Nanegai Holdings Pty Ltd	NSW
BHP Transport and Logistics (New Zealand) Ltd	New Zealand	New Zealand Steel (Australia) Pty Ltd	Vic
BHP Transport and Logistics (S.E. Asia) Pte Ltd	Singapore	New Zealand Steel Development Ltd	New Zealand
BHP Transport and Logistics (USA) Inc	Delaware, USA	Ok Tedi Mining Ltd (52%)	PNG
BHP Transport and Logistics Pty Ltd	Vic	Oy Alwima Ltd (89.36%) (c)	Finland
BHP Venezuela DRI Ltd	UK	Pacific Liner Services Pty Ltd (b)	WA
BHP Venezuela Inc	Delaware, USA	Pilbara Gas Pty Ltd	ACT
BHP Venture Investments Pty Ltd	Vic	PRI Eastern Ltd	Cook Islands
BHP Vietnam Pty Ltd	Vic	PT Arutmin Indonesia (80%)	Indonesia
BHP World Exploration Inc	Canada	PT BHP Indonesia	Indonesia
BIEC International Inc	Delaware, USA	PT BHP Kendilo Coal Indonesia (80%)	Indonesia
Bold Era Mining Ltd (89.36%) (c)	Nevada, USA	PT BHP Sipirok Minerals	Indonesia
Broken Hill Proprietary (USA) Inc	Delaware, USA	PT BHP Steel Building Products Indonesia	Indonesia
Bulkers Ltd	Liberia	PT BHP Steel Indonesia (74%)	Indonesia
CEM Minerals Ltd (c)	Cyprus	PT BRC Lysaght Distribution (80%)	Indonesia
Clinton International North Sea Ltd	UK	PT Gag Nikel (75%)	Indonesia
Copper Holdings International, LLC (70%) (c)	Delaware, USA	PT Gorontalo Minerals (80%)	Indonesia
County Shipping Company Limited	Hong Kong	PT Juloi Coal	Indonesia
Dampier Coal (Queensland) Pty Ltd	ACT	PT Kalteng Coal	Indonesia
Dia Met Exploration Ltd (89.36%) (c)	Canada	PT Lahai Coal	Indonesia
Dia Met Minerals (Africa) Ltd (89.36%) (c)	Cayman Islands	PT Maruwai Coal	Indonesia
Dia Met Minerals (NWT) Ltd (89.36%) (c)	Canada	PT Pari Coal	Indonesia
Dia Met Minerals Ltd (89.36%) (c)	Canada	PT Ratah Coal	Indonesia
		PT Sumber Barito Coal	Indonesia
		San Juan Coal Company	Delaware, USA
		San Juan Transportation Company	Delaware, USA

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 48 Controlled entities continued

Entity	Place of incorporation	Entity	Place of incorporation
San Manuel Arizona Railroad Company	Arizona, USA	Stewart Steel Ltd (50%) (m)	New Zealand
San Manuel Power Co. LLC (c)	Delaware, USA	Stube Industries Ltd (50%) (m)	New Zealand
Southeastern Petroleum Sales Corporation (72%)	Delaware, USA	Tubemakers of Australia Ltd (m)	SA
Steel Holdings Co Ltd (25%) (l)	Thailand	Tubemakers of New Zealand Ltd (m)	New Zealand
Steltech Structural Ltd	New Zealand	Tubemakers Properties Pty Ltd (m)	NSW
Tasman Steel Holdings Ltd	New Zealand	Tubemakers Somerton Pty Ltd (m)	Vic
Tavela Pty Ltd	NSW		
The Broken Hill Proprietary Company Pty Ltd (b)	Vic	<b>These entities were liquidated during 2001</b>	
The Norwegian Oil Corporation (DNO-US)	Delaware, USA	A.C.N. 008 406 362	ACT
The World Marine & General Insurances Plc	UK	A.C.N. 008 575 317	ACT
Tortilla Acquisitions Inc (c)	Canada	A.C.N. 008 611 309	ACT
Toward Industries Ltd	New Zealand	A.C.N. 056 108 055	SA
Transition Benefits Fund Pty Ltd	Vic	Amcast Foundry Pty Ltd	Vic
Tugs Pty Ltd	Qld	Australian Manganese Company Pty Ltd	Qld
UMAL Consolidated Pty Ltd	NSW	B.E. Pty Ltd	NSW
		BHP Copper Service Company	Delaware, USA
		BHP Countertrade Pte Ltd	Singapore
		BHP Engineering International Pte Ltd	Singapore
<b>These entities were disposed of during 2001</b>		BHP Mexico Copper Exploration Inc	Delaware, USA
A J Forsyth & Co Ltd (75%) (m)	Canada	BHP Minerals (Iran) Pty Ltd	NSW
Aquila Steel Company Pty Ltd (m)	NSW	BHP Minerals de Espana Inc	Delaware, USA
Australian Wire Industries Pty Ltd (m)	Vic	BHP Petroleum (Algeria) Inc	Delaware, USA
AWI Holdings Pty Ltd (m)	Vic	BHP Petroleum (Angola) Inc	Delaware, USA
BHP Mhondoro Mining Company Limited	Zimbabwe	BHP Petroleum (Peru) Inc	Delaware, USA
BHP Mhondoro Platinum Holdings Limited	Zimbabwe	BHP Seamgas Pty Ltd	WA
BHP Minerals Zimbabwe Pty Ltd	Vic	BHP Services Inc	Delaware, USA
Corumba Pty Ltd (m)	ACT	BHP Zimbabwe Inc	Delaware, USA
CP Reinforcing Ltd (50%) (m)	New Zealand	County Shipping Investments Limited	Hong Kong
CP Steel Ltd (50%) (m)	New Zealand	Magma Gold Ltd	Delaware, USA
David Crozier Ltd (50%) (m)	New Zealand	Minera Rodo Huasi Inc	British Virgin Islands
EMCO Group Ltd (50%) (m)	New Zealand	Oro Huasi Exploration Inc	British Virgin Islands
Fastening Supplies Ltd (50%) (m)	New Zealand	Panary Pty Ltd	Vic
Hartley Platinum Mines (Private) Ltd (67%)	Zimbabwe	TBW Pty Ltd	NSW
J Murray-More (Holdings) Pty Ltd (m)	NSW	WALLCO Finance Pty Ltd	NSW
John Stansfield-Smith Pty Ltd (m)	NSW		
Longrun Industries Ltd (50%) (m)	New Zealand	<b>These entities were merged during 2001</b>	
Machinery Ltd (50%) (m)	New Zealand	BHP Petroleum (95-15) Inc	Delaware, USA
Metal Sales Ltd (50%) (m)	New Zealand	BHP Petroleum (95-17) Inc	Delaware, USA
Metpol Pty Ltd (m)	NSW	BHP Petroleum (APAC) Inc	Delaware, USA
NZMC Ltd (50%) (m)	New Zealand	BHP Petroleum (Bolivia) Inc	Delaware, USA
OneSteel Limited (b) (m)	Vic	BHP Petroleum (Colombia) Inc	Delaware, USA
OneSteel Finance Pty Limited (c) (m)	NSW	BHP Petroleum (Latin America) Inc	Delaware, USA
OneSteel Investments Pty Limited (b) (m)	NSW	BHP Petroleum (New Ventures) Inc	Delaware, USA
OneSteel Manufacturing Pty Limited (m)	Vic	BHP Petroleum (Overseas Exploration) Inc	Delaware, USA
OneSteel NSW Pty Limited (m)	NSW	BHP Petroleum Pacific Islands Inc	Hawaii, USA
OneSteel Queensland Pty Limited (m)	Qld	BHP Power New Zealand Ltd	New Zealand
OneSteel Reinforcing Pty Limited (m)	Vic	Green Shoal Pipeline Corporation	Delaware, USA
OneSteel Wire Pty Limited (m)	NSW	Hamilton Brothers Oil Company	Texas, USA
Reosteel Pty Ltd (m)	NSW	Lovera Pipeline Co	Texas, USA
Steel & Tube Holdings Ltd (50%) (m)	New Zealand		
Steel & Tube New Zealand Ltd (50%) (m)	New Zealand		

NOTES TO FINANCIAL STATEMENTS CONTINUED

48 Controlled entities continued

Entity	Place of incorporation
<b>These entities are in liquidation as at 30 June 2001</b>	
BHP Power Pty Ltd	Vic
PT Obi Minerals	Indonesia
IP Oil Services Ltd	UK
Phoenix Mining Finance Company (Pty) Ltd	South Africa
BHP Petroleum Services Ltd	UK
BHP Petroleum (91-01) Pty Ltd	Vic
BHP Petroleum (Buffalo Operations) Pty Ltd (b)	Vic

- (a) BHP Billiton Limited is the ultimate parent entity in the BHP Billiton Limited Group.
- (b) The names of these entities were changed in 2001:

New name	Previous name
Australian Iron & Steel Pty Ltd	Independent Steels Pty Ltd
BHP Billiton Limited	BHP Limited
BHP Group Operations Pty Ltd	BHP Aitken Hill (Global Leadership Centre) Pty Ltd
BHP Internacional Participacoes Ltda	BHP-Utah International Participacoes Ltda
BHP Limited	The Broken Hill Proprietary Company Ltd
BHP Petroleum (Buffalo Operations) Pty Ltd	BHP Superannuation Investment Company Pty Ltd
Independent Steels Pty Ltd	Australian Iron and Steel Pty Ltd
International Resources	BHP International Resources
OneSteel Limited	OneSteel Pty Limited
OneSteel Investments Pty Ltd	Votrait No 1243 Pty Ltd
Pacific Liner Services Pty Ltd	BHP Papua New Guinea Pty Ltd
The Broken Hill Proprietary Company Pty Ltd	BHP Nominees Investments No 3 Pty Ltd

- (c) These entities were acquired/incorporated/formed in 2001.
- (d) The BHP Billiton Limited Group's 100% ownership of the ordinary share capital in this entity represents a beneficial interest of 75% of the entity. Outside interests own 100% of the preference share capital, representing a beneficial interest of 25%.
- (e) Ownership interest increased from 75% in 2000.
- (f) The BHP Billiton Limited Group holds an ownership interest of 49% in BHP Steel Building Products (Sabah) Sdn Bhd, which is classified as a controlled entity pursuant to Australian Accounting Standard AASB 1024: Consolidated Accounts because the BHP Billiton Limited Group can exercise voting control.
- (g) Ownership interest decreased from 54% in 2000. The BHP Billiton Limited Group's ownership of the ordinary share capital in this entity represents a beneficial interest of 39% represented by its 65% ownership in BHP Steel Building Products New Caledonia SA, which in turn has 60% ownership of this entity.
- (h) Ownership interest increased from 79% in 2000.
- (i) Ownership interest decreased from 90% in 2000.
- (j) Ownership interest decreased from 100% in 2000.
- (k) Ownership interest increased to 100% with effect from 1 July 2001, for the purposes of the BHP Billiton Limited Group consolidated result.
- (l) The BHP Billiton Limited Group holds an ownership interest of 25% in Steel Holdings Co Ltd, which is classified as a controlled entity pursuant to Australian Accounting Standard AASB 1024: Consolidated Accounts because the BHP Billiton Limited Group can exercise voting control.
- (m) These entities formed part of the OneSteel Limited Group which was spun-out with effect from 31 October 2000.

NOTES TO FINANCIAL STATEMENTS CONTINUED

**49 Related party disclosures**

Directors of BHP Billiton Limited who held office during the year were:

D R Argus AO	D A Crawford	R J McNeilly
P M Anderson	B P Gilbertson (a)	J T Ralph AC
B C Alberts	C A Herkströter (a)	Lord Renwick of Clifton (a)
D C Brink (a)	J B Jackson (a)	B D Romeril (a)
M A Chaney	D A Jenkins	J M Schubert
J C Conde AO	D L Keys (a)	

(a) Appointed on 29 June 2001.

**Share transactions with Directors and Director-related entities**

There were no shares issued by BHP Billiton Limited under the Dividend Investment Plan, Bonus Share Plan and Share Purchase Scheme to Directors of BHP Billiton Limited and their Director-related entities during the current year (2000 - 2 436 ordinary shares).

The Managing Director and Chief Executive Officer received 201 840 ordinary shares during the year ended 30 June 2001 (2000 - 150 000) on exercise of Performance Rights. A further 25 000 exercisable rights are held and are exercisable by the Managing Director and Chief Executive Officer. On the exercise of these rights the Managing Director and Chief Executive Officer will receive 53 528 ordinary shares.

During July 2001 the Managing Director and Chief Executive Officer was issued with 352 378 ordinary shares as part of the bonus issue, which took effect from 29 June 2001, with the allotment occurring on 9 July 2001.

57 222 Performance Rights were issued to a Director of BHP Billiton Limited on 1 November 2000, which are not exercisable until July 2003.

**Shares, options and Performance Rights held by Directors and Director-related entities at balance date**

The aggregate number of shares, options and Performance Rights held in BHP Billiton Limited by Directors of BHP Billiton Limited and their Director-related entities at balance date were:

	2001	2000
Fully paid ordinary shares	595 141	381 147
Ordinary shares paid to 71 cents	200 000	200 000
Ordinary shares paid to 67 cents	610 000	610 000
Employee Share Plan options	1 250 000	1 250 000
Performance Rights	682 222	800 000

Directors and their Director-related entities receive the same dividends and bonus share entitlements as those available to other holders of the same class of shares. Partly paid shares do not participate in dividends.

Refer to note 30 for details of the employee ownership plans referred to above. All share transactions with Directors and their Director-related entities were conducted on an arm's length basis.

	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
<b>Loans made to Directors</b>					
Aggregate amount of loans made during the financial year to Directors, not being Directors of BHP Billiton Limited					
- Directors of controlled entities (all loans were concessional)	0.004	0.002	0.006	-	-
<b>Loan repayments from Directors</b>					
Aggregate amount of repayments received during the financial year from Directors, not being Directors of BHP Billiton Limited					
Employee Share Plan loans					
- Directors of controlled entities	1.597	0.814	2.523	1.589	2.503
Other loans					
- Directors of controlled entities (all loans were concessional)	0.003	0.002	0.006	-	-



## NOTES TO FINANCIAL STATEMENTS CONTINUED

**49 Related party disclosures continued**

The following were Executive Directors during the year, and received loans and/or made loan repayments. (There are no loans to non-executive Directors):

Adams M H*	Desouza J*	Heath G J*	McGowan B W*	Wandke S C*
Allen N T*	Di Pietro P*	Hedges M E*	McMath G M*	Warner G C*
Archibald T J*	Dickson I J*	Henderson T L*	Miller R B*	Waters G A*
Armour W*	Dorairaj M*	Hermecz A*	Miller W G*	Watts R*
Bartholomew I*	Dummett H T*	Higgins R J*	Moore E K*	Weatherstone C*
Batchelor N W /	Dynon J N*	Hill M D*	Moss W J*	Whalan B*
Bell S*	Eades C R*	Hohnen M A*	Murray R P*	White J L*
Benjamin C J*	Edney I C*	Howell A F*	Netterfield D J*	Whiting T H*
Biggs D A J*	Edwards K A*	Huggins D A*	Nevison S J*	Wilkins W A*
Bissell D F*	Ellefson C*	Hunt G P*	Nicol B A*	Williams M L*
Blake S A*	Ellis J T*	Hunter K C*	Nuttall J*	Williams P J*
Bond G*	Etournaud D H*	Jarman R P*	Oppenheimer M C*	Wirth B A*
Bradford A N C*	Excell J D*	Jasper I C*	Paul G J*	Wirth C W*
Brannon J R*	Farrell K P*	John D W*	Pettigrew E A*	Woolfrey J*
Bull V A*	Finocchiaro A J*	Johnston W G*	Pickering K W*	Worthington P A*
Button A*	Fogarty C G*	Jones C*	Plummer G J*	Zimmerman D R*
Cain M*	Ford S L*	Jones E Y*	Quek H H*	Zimmerman W E*
Callaghan G C*	Franklin D*	Jones J H*	Quinn G W*	Zugai M*
Cameron J K*	Fraser D C*	Jones P A*	Reynolds A E*	Zwaan J P*
Campbell J A*	Gilzean M*	Jordan J R*	Roberts B A*	
Carroll D A*	Giorgini S*	Kapitola R H*	Robinson G R*	
Carroll R A*	Glendinning A ‡	Keast C R*	Robinson P S*	
Cheung P L K*	Glover G W*	Kellow G L*	Rothwell J R*	
Christie A D*	Gourlay J F*	King G M*	Samson P N /	
Clarebrough J A*	Greene B B*	King P W*	Saxelby W R*	
Cleary J W*	Gregory O R*	Kirkby R W*	Schissel D J*	
Cobley M A*	Grimson K*	Kong W M*	Schoer A J*	
Collins D F*	Grint W*	Kruger B*	Schulz D*	
Courtnall M*	Grubb J W*	Kuhns R J*	Selleck L J*	
Cousins B L*	Grubbs R K*	Landy B M*	Skrzeczynski R H*	
Cox B M*	Gunn N D*	Lane R C*	Smith C E*	
Crawford R*	Hadwen S J*	LaPirow S M*	Spitzer P R*	
Crookshank N*	Hall J W*	Lim M S W*	Stockden J M*	
Czyzewski J J*	Hargreaves T J*	Locke P R*	Stone M J*	
Dart I*	Harmon R G*	Lyons J S*	Szecsodi G A*	
Day G M*	Harvey G D*	Martin D G*	Tan H C*	
de Zwart P A*	Harvey P J*	Massey J C*	Twine D J*	
Dean L A*	Harvey R D ‡	Matthys J L*	Vine J A*	

\* Employee Share Plan loan repayments.

/ Other loans received.

‡ Other loan repayments.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

49 Related party disclosures continued	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Related party transactions and balances included throughout the financial statements are as follows:					
Interest received or due and receivable from related parties					
Controlled entities				1 433.151	1 204.641
Associated entities	4.330	2.208	4.004	-	-
	4.330	2.208	4.004	1 433.151	1 204.641
Dividends received or due and receivable from related parties					
Controlled entities				3 474.148	3 720.126
Associated entities	64.879	33.088	31.114	-	-
	64.879	33.088	31.114	3 474.148	3 720.126
Borrowing costs paid or due and payable to related parties					
Controlled entities				748.445	665.531
Associated entities	0.957	0.488	0.790	-	0.004
	0.957	0.488	0.790	748.445	665.535
Current trade receivables due from related parties					
Controlled entities				13.618	38.441
Other Director related entities	0.600	0.306	-	-	-
Associated entities	4.339	2.213	7.231	-	-
	4.939	2.519	7.231	13.618	38.441
Current sundry receivables due from related parties					
Controlled entities				21 063.018	22 860.494
Associated entities	4.762	2.428	1.759		
Directors					
- of controlled entities (a)	1.556	0.794	1.985	1.556	1.985
	6.318	3.222	3.744	21 064.574	22 862.479
Non-current sundry receivables due from related parties					
Associated entities	0.508	0.259	0.495	-	-
	0.508	0.259	0.495	-	-
Non-current sundry receivables due from related parties					
Controlled entities				3 340.346	2 957.240
Associated entities	4.532	2.312	4.617	-	-
Directors					
- of controlled entities (a)	3.720	1.897	4.765	3.630	4.630
	8.252	4.209	9.382	3 343.976	2 961.870
Current trade creditors due to related parties					
Controlled entities				2.654	17.392
Other Director related entities	-	-	0.024	-	-
Associated entities	0.034	0.017	0.090	-	-
	0.034	0.017	0.114	2.654	17.392

## NOTES TO FINANCIAL STATEMENTS CONTINUED

49 Related party disclosures continued	BHP Billiton Ltd Group			BHP Billiton Ltd	
	2001 \$m	2001 US\$m	2000 \$m	2001 \$m	2000 \$m
Current sundry creditors due to related parties					
Controlled entities				23 680.221	20 828.311
Associated entities	1.001	0.511	4.838	-	-
	1.001	0.511	4.838	23 680.221	20 828.311
Non-current interest bearing liabilities due to related parties					
Controlled entities				6 076.455	5 813.673
Related party contingent liabilities at balance date, not otherwise provided for in these financial statements, are categorised as arising from:					
Controlled entities - unsecured (b)				13 265.859	15 983.504
Amounts uncalled on shares				49.509	49.509
Associated entities - unsecured	97.510	49.730	421.936	-	499.584
	97.510	49.730	421.936	13 315.368	16 532.597

(a) Current and non-current sundry receivables due from Directors represent the appropriate portion of loans to Directors engaged in full-time employment within the BHP Billiton Limited Group, mainly for acquisition of shares in BHP Billiton Limited.

(b) BHP Billiton Limited amount includes guarantees, mainly in relation to funding arrangements and financial instruments, given in regard to certain controlled entities which are eliminated on consolidation. BHP Billiton Limited has given written assurances to certain controlled entities which may lead to it becoming liable to those controlled entities in respect of debts incurred by them.

Investments in associated entities are shown in note 17.  
Directors' remuneration is shown in note 42.

Major interests in unincorporated joint ventures are shown in note 46.

Details of controlled entities are shown in note 48.

#### Transactions with Director-related entities

A number of Directors of BHP Billiton Limited hold positions in other companies, where it may be said they control or significantly influence the financial or operating policies of these entities. Accordingly, the following entities are considered to be Director-related entities for the purpose of the disclosure requirements of Australian Accounting Standard AASB 1017: Related Party Disclosures:

#### Other Director transactions with BHP Billiton Limited Group entities

Where the Director was an employee of the BHP Billiton Limited Group, transactions include:

- reimbursement of transfer expenses;
- minor purchases of products and stores; and
- insurance with BHP Billiton Limited Group insurance companies.

All these transactions (which were trivial in amount) were conducted on conditions no more beneficial than those available to other employees.

Director of BHP Billiton Limited	Director-related entity	Position held in Director-related entity
D A Crawford (a)	KPMG	Chairman and Partner
J C Conde (b)	Broadcast Investments Pty Ltd (and related entities)	Chairman and Managing Director
M A Chaney	Wesfarmers (Group)	Managing Director

(a) D A Crawford resigned as Chairman and Partner of KPMG on 28 June 2001.

(b) J C Conde resigned as Chairman and Managing Director of Broadcast Investments Pty Ltd on 21 March 2001.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

### 49 Related party disclosures continued

Transactions between the BHP Billiton Limited Group and these Director-related entities are detailed below:

- the chartered accounting firm KPMG (worldwide) received \$2.454 million (2000 - \$2.158 million) in fees for services provided to the BHP Billiton Limited Group. At 30 June 2001 there were no outstanding payables to KPMG (2000 - \$0.024 million).
- the Wesfarmers Group received \$3.980 million (2000 - \$3.381 million) for products and services provided to the BHP Billiton Limited Group. The BHP Billiton Limited Group did not receive any dividends from shares held in the Wesfarmers Group during the current year (2000 - \$0.012 million). The Wesfarmers Group paid \$13.889 million (2000 - \$50.798 million) to the BHP Billiton Limited Group for various products. At 30 June 2001 outstanding receivables from the Wesfarmers Group were \$0.600 million (2000 - nil).

### Transactions with associated entities

The following material transactions with a related party of the BHP Billiton Limited Group occurred:

- sales of services to Australian LNG Shipping amounting to \$18.679 million for the twelve months ended June 2001, (2000 - \$17.074 million). These sales were conducted under normal commercial terms and conditions.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**50 US generally accepted accounting principles disclosures****(A) Reconciliation to US GAAP**

The consolidated financial statements of the BHP Billiton Limited Group are prepared in accordance with accounting principles generally accepted in Australia (Australian GAAP). Additional US GAAP disclosures are included in other notes to the financial statements. Material differences between generally accepted accounting principles as followed by the BHP Billiton Limited Group in Australia and those generally accepted in the US (US GAAP) are summarised below.

**Dual Listed Companies arrangement with BHP Billiton Plc**

On 29 June 2001 BHP Billiton Limited and BHP Billiton Plc established a Dual Listed Companies (DLC) structure. A full description of the structure is provided in the "BHP Billiton Limited Annual Report 2001 – Description of Business and Financial Statements" commencing on page 100. For US GAAP, the DLC structure is accounted for as a purchase business combination of BHP Billiton Plc by BHP Billiton Limited. Under Australian GAAP, the primary financial statements of BHP Billiton Limited give no recognition to the DLC structure. The adjustment to US GAAP involves determination of an imputed purchase consideration and fair value adjustments to the assets and liabilities of BHP Billiton Plc. Deferred tax must be provided on all fair value adjustments to tangible assets on acquisition with a consequential increase in the amount allocated to intangible assets. Purchase business combination costs which have been included in the Statement of Financial Performance under Australian GAAP have been capitalised and incorporated in the fair value of assets acquired for US GAAP purposes. The purchase accounting presented below is preliminary pending completion of comprehensive fair value determinations. Any impact arising from the final purchase price allocation cannot presently be quantified.

**Fair value accounting for derivatives**

For the purpose of deriving US GAAP information, Statement of Financial Accounting Standards No. 133: Accounting for Derivative Instruments and Hedging Activities (FAS 133) became applicable to the BHP Billiton Limited Group on 1 July 2000. FAS 133 requires that each derivative instrument be recorded in the Statement of Financial Position as either an asset or liability measured at its fair value. Derivative instruments are recognised in the financial statements under Australian GAAP to the extent described in note 1. On transition to FAS 133: an accumulated loss of \$531 million has been recognised in respect of the fair value of derivative instruments held on 1 July 2000 which qualify as cash flow hedge transactions. This amount has been reported as a component of other comprehensive income; an accumulated gain of \$19 million has been recognised in respect of the fair value of derivative instruments which qualify as fair value hedge transactions and their associated hedged liabilities held at 1 July 2000. This amount has been taken directly to profit and loss.

Subsequent gains and losses on cash flow hedges are taken to other comprehensive income and are reclassified to profit and loss in the same period the hedged transaction is recognised. Gains and losses on fair value hedges continue to be taken to profit and loss in subsequent periods, as are offsetting gains and losses on hedged liabilities. In both cases, these gains and losses are not recognised under Australian GAAP until the hedged transaction is recognised.

FAS 133 requires that any component of the gain or loss which is deemed to be ineffective be taken to the Statement of Financial Performance immediately. For Australian GAAP any ineffectiveness is recognised over the term of the derivative.

**Asset write-downs**

Under Australian GAAP the impairment test for determining the recoverable amount of non-current assets may be applied using either discounted or undiscounted estimated future cash flows. At 31 May 1998 the BHP Billiton Limited Group changed its policy to a discounted basis using the weighted average pre-tax interest rate of the BHP Billiton Limited Group's long-term interest bearing liabilities. This test is applied both to determine impairment and to the calculation of the write-down.

Under US GAAP, an impairment test is required utilising undiscounted cash flows, followed by the application of discounting to any impaired asset.

These differences created adjustments to the Statement of Financial Performance in prior years representing the lower charge to profit and resultant higher asset values for the write-downs calculated under US GAAP. In subsequent financial periods, the difference in asset carrying values is reduced through the inclusion of additional depreciation charges in the profit and loss. Refer 'Depreciation' below.

The charge to profit and loss for the period ended 30 June 2000 reflects the additional write-off of the West Australian HBI plant for US GAAP.

**Depreciation**

Revaluations of property, plant and equipment and investments are permitted in Australia with upward adjustments to the historical cost values reflected in a revaluation reserve which is part of total equity. In the case of property, plant and equipment, the depreciation charged against income increases as a direct result of such a revaluation. Since US GAAP does not permit property, plant and equipment to be valued at above historical cost, the BHP Billiton Limited Group depreciation charge has been restated to reflect historical cost depreciation.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**50 US generally accepted accounting principles disclosures continued****(A) Reconciliation to US GAAP continued**

Following smaller asset write-downs, the higher asset values under US GAAP are being depreciated in accordance with asset utilisation. Refer 'Asset write-downs' above.

**Employee benefits**

In accordance with Australian GAAP, provisions for redundancies associated with organisational restructuring can be recognised where positions have been identified as being surplus to requirements, provided the circumstances are such that a constructive liability exists. Under US GAAP a provision for redundancies involving voluntary severance offers is restricted to employees who have accepted these offers. The adjustment is reversed over subsequent periods as the offers are accepted.

**Pension costs**

The BHP Billiton Limited Group recognises periodic pension cost based on actuarial advice in a manner similar to US GAAP. However, differences in the actuarial method used and the timing of recognition of expense components results in different periodic costs and pension assets or liabilities.

**Realised net exchange gains on closure of operations**

Australian GAAP permits net exchange gains or losses reported in the exchange fluctuation account which relate to assets that have been sold, closed or written down to be transferred to retained earnings. US GAAP requires these net exchange gains or losses be recognised in the profit and loss reflecting that they have, in substance, been realised.

**Exploration, evaluation and development expenditures**

The BHP Billiton Limited Group follows the 'area of interest' method in accounting for petroleum exploration, evaluation and development expenditures. This method differs from the 'successful efforts' method followed by some US companies, and adopted in this reconciliation to US GAAP, in that it permits certain exploration costs in defined areas of interest to be capitalised. Such expenditure capitalised under Australian GAAP is amortised in subsequent years.

**Employee Share Plan loans**

Under the Employee Share Plan, loans have been made to employees for the purchase of shares in BHP Billiton Limited. Under US GAAP the amount outstanding as an obligation to the BHP Billiton Limited Group, which has financed equity, is required to be eliminated from total equity.

**Employee compensation costs**

Under US GAAP, compensation expense arising from variable share, option and Performance Rights plans are recognised based on movements in their intrinsic value. Changes to the exercise terms for certain shares and options arising from the OneSteel spin-out (refer note 2) caused the related plan to become variable. This change required recognition of an expense for the movement

in intrinsic value since grant date. Under Australian GAAP, compensation expense is determined in accordance with note 1.

**Costs of start-up activities**

The BHP Billiton Limited Group capitalises as part of property, plant and equipment, costs associated with start-up activities at new plants or operations which are incurred prior to commissioning date. These capitalised costs are depreciated in subsequent years. Under US GAAP costs of start-up activities should be expensed as incurred. In subsequent financial periods, amounts amortised for Australian GAAP purposes which have been expensed for US GAAP purposes will be added back when determining the profit result according to US GAAP.

**Profit on asset sales**

Under US GAAP, profits arising from the sale of assets cannot be recognised in the period in which the sale occurs where the vendor has a significant continuing association with the purchaser. In such circumstances, any profit arising from a sale is recognised over the life of the continuing arrangements.

For the period ended 30 June 2000, the profit on the sale and leaseback of plant and equipment was deferred for US GAAP purposes and will be recognised over the life of the operating lease.

**Consolidation of Tubemakers of Australia Ltd (TOA)**

Prior to consolidation, TOA was accounted for as an associated entity and included in the equity accounting calculations. Under US GAAP equity accounting is included in the consolidated results, while prior to the year ended 30 June 1999 Australian GAAP only permitted disclosure by way of note to the accounts. Thus under US GAAP the carrying value of the original equity interest in TOA is higher than under Australian GAAP, and the difference is reflected in higher goodwill capitalised and amortised in accordance with US GAAP. The spin-out of OneSteel Limited eliminates this reconciling item.

**Equity accounting**

For years ended on or after 30 June 1999, Australian GAAP requires the effect of accounting for associated entities on an equity basis to be shown in the consolidated results, as required by US GAAP. In prior periods, Australian GAAP permitted the effect of accounting for associated companies on an equity basis to be shown as supplementary information.

The Australian GAAP adjustment to retained earnings on initial adoption of equity accounting is recognised in the result for the period ended 30 June 2000 for US GAAP.

The following is a summary of the estimated adjustments to profit for 2001, 2000 and 1999 and BHP Billiton Limited equity as at 30 June 2001 and 2000 which would be required if US GAAP had been applied instead of Australian GAAP.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 50 US generally accepted accounting principles disclosures continued

## (A) Reconciliation to US GAAP continued

Net profit/(loss) for the financial period ended	BHP Billiton Ltd Group			
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m
Net profit/(loss) attributable to members as reported in the consolidated Statement of Financial Performance	2 007	1 024	1 627	(2 312)
Estimated adjustment required to accord with US GAAP:				
<i>add/(deduct)</i>				
- Pension plans	(236)	(120)	(30)	(24)
- Employee compensation costs	(216)	(110)	-	-
- Purchase business combination costs	71	36		
- Depreciation - write-downs	(34)	(17)	(51)	(36)
- revaluations	10	5	12	10
- Employee benefits	43	22	26	(21)
- Fair value accounting for derivatives	(43)	(22)		
- Realised net exchange (losses)/gains on sale of assets/closure of operations	13	6	41	73
- Exploration, evaluation and development expenditures	(6)	(3)	(5)	(4)
- Start-up costs	5	2	(16)	-
- Profit on asset sales	2	1	(30)	-
- Consolidation of Tubemakers of Australia Ltd	(2)	(1)	(6)	(6)
- Asset write-downs	-	-	(907)	456
- Equity accounting			250	(6)
Total adjustment	(393)	(201)	(716)	442
Net profit/(loss) according to US GAAP	1 614	823	911	(1 870)
	2001 \$	2001 US\$	2000 \$	1999 \$
Earnings per share - US GAAP (a) (b)	0.437	0.223	0.249	(0.523)
Earnings per American Depositary Share (ADS) - US GAAP (a) (b) (c)	0.874	0.446	0.498	(1.046)

(a) Based on the weighted average number of shares on issue for the period, excluding shares held by controlled entities.

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

(b) Comparative data has been adjusted to take into account the bonus share issue effective 29 June 2001. Refer note 29.

Equity attributable to members	BHP Billiton Ltd Group		
	2001 \$m	2001 US\$m	2000 \$m
Total equity	11 248	5 736	11 005
<i>deduct</i> outside equity interests	244	124	652
Total equity attributable to members	11 004	5 612	10 353
Estimated adjustment required to accord with US GAAP:			
<i>add/(deduct)</i>			
- Purchase business combination of BHP Billiton Plc	22 741	11 598	
- Purchase business combination costs	71	36	
- Fair value of accounting for derivatives	(872)	(444)	
- Asset write-downs	341	174	391
- Pension plans	(164)	(84)	72
- Property, plant and equipment revaluations	(135)	(69)	(145)
- Employee Share Plan loans	(98)	(50)	(145)
- Employee benefits	74	38	31
- Exploration, evaluation and development expenditures	(64)	(33)	(58)
- Profit on asset sales	(28)	(14)	(30)
- Start-up costs	(11)	(6)	(16)
- Consolidation of Tubemakers of Australia Ltd	-	-	93
Total adjustment	21 855	11 146	193
Total equity attributable to members according to US GAAP	32 859	16 758	10 546

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 50 US generally accepted accounting principles disclosures continued

## (A) Reconciliation to US GAAP continued

The following are the material variations in major line items of the Statement of Financial Position for the BHP Billiton Limited Group under US GAAP as at 30 June 2000. Components of the variations at 30 June 2000 and details of variations as at 30 June 2001 are set out below in (B) Purchase business combination of the BHP Billiton Plc Group.

Statement of Financial Position	Australian	2000	US
	Balance Sheet \$m	Variation \$m	Balance Sheet \$m
Current receivables	2 629	(14)	2 615
Non-current receivables	189	(182)	7
Property, plant and equipment	19 586	108	19 694
Deferred tax assets	1 268	13	1 281
Non-current other assets	800	203	1 003
Current tax liabilities	192	8	200
Current provisions	1 535	(16)	1 519
Deferred tax liabilities	1 896	(71)	1 825
Non-current provisions	3 707	15	3 722

#### Purchase business combination of the BHP Billiton Plc Group

The following consolidated financial information is derived from the historical consolidated financial statements of the BHP Billiton Limited Group and the fair value of the assets and liabilities of the BHP Billiton Plc Group at the date of acquisition - 29 June 2001. The consolidated financial information reflects the acquisition under US GAAP of the BHP Billiton Plc Group by the BHP Billiton Limited Group in a business combination accounted for using the purchase method of accounting. The Statement of Financial Position at 30 June 2001 presents the consolidated BHP Billiton Group, based on preliminary fair value assessments of the assets and liabilities of the BHP Billiton Plc Group, in accordance with purchase business combination accounting. The proforma Statements of Financial Performance present the results of the BHP Billiton Group had the purchase been completed as of 1 July 1999 and 2000 respectively.

The preliminary fair value assessments of the assets and liabilities of the BHP Billiton Plc Group have been undertaken through the quantification of the purchase price and the preliminary allocation of this to individual businesses and to the underlying assets and liabilities of the individual businesses. The preliminary allocation has entailed review and assessment of various valuations, with preliminary adjustments made to the appropriate Statement of Financial Position line-items. Additional work will be undertaken in the year ending 30 June 2002 to finalise the fair value assessments of the assets and liabilities of the BHP Billiton Plc Group. This additional work will include completion of definitive assessments of matters such as mineral reserves, plant condition and replacement values. Changes as a result of this additional work are most likely to impact each of the Statement of Financial Position non-current asset line-items.

The proforma consolidated financial information in part (B) does not include any realisation of cost savings from operating efficiencies, synergies or other restructurings resulting from the transaction and does not contemplate the liabilities that may be incurred in any related restructurings. In addition, management of the BHP Billiton Group is in the process of assessing and formulating integration plans, which are expected to include employee separations, elimination of duplicative facilities, employee relocations and other restructuring actions. Also, the consolidated financial information does not reflect the impact of any potential sale of acquired assets.

In addition, no adjustment has been made to exclude DLC merger costs of \$102 million from the BHP Billiton Group proforma consolidated Statement of Financial Performance for the year ended 30 June 2001. These were the costs incurred by the BHP Billiton Plc Group during that year. No such costs are reflected in the proforma consolidated Statement of Financial Performance for the year ended 30 June 2000 and these costs will not be reflected in the reported net profit for the year ending 30 June 2002.



## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 50 US generally accepted accounting principles disclosures continued

## Purchase business combination of the BHP Billiton Plc Group continued

## Consolidated Statement of Financial Position

as at 30 June 2001

	Historical BHP Billiton Ltd Group per A GAAP \$m	Historical BHP Billiton Ltd Group US GAAP adjustments (a) \$m	Historical BHP Billiton Plc Group per US GAAP \$m	Purchase accounting adjustments \$m	BHP Billiton Group US GAAP \$m US\$m	
<b>Assets</b>						
<b>Current assets</b>						
Cash assets	1 183		1 359		2 542	1 296
Receivables	2 615	(15)	1 710		4 310	2 198
Other financial assets	163		261		424	216
Inventories	1 621		1 708	315	3 644	1 859
Other assets	219		38		257	131
<b>Total current assets</b>	<b>5 801</b>	<b>(15)</b>	<b>5 076</b>	<b>315</b>	<b>11 177</b>	<b>5 700</b>
<b>Non-current assets</b>						
Receivables	228	(101)	162		289	147
Investments accounted for using the equity method	498		2 331	2 046	4 875	2 486
Other financial assets	257	71	843	8	1 179	601
Inventories	146		65		211	108
Property, plant and equipment	20 014	59	17 097	5 701	42 871	21 864
Intangible assets	2		2 869	3 820	6 691	3 412
Deferred tax assets	906	393	249		1 548	790
Other assets	1 335	(225)	14		1 124	574
<b>Total non-current assets</b>	<b>23 386</b>	<b>197</b>	<b>23 630</b>	<b>11 575</b>	<b>58 788</b>	<b>29 982</b>
<b>Total assets</b>	<b>29 187</b>	<b>182</b>	<b>28 706</b>	<b>11 890</b>	<b>69 965</b>	<b>35 682</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables	2 813	626	1 698		5 137	2 620
Interest bearing liabilities	973	1	2 594	(23)	3 545	1 808
Tax liabilities	217		376		593	302
Other provisions	1 608	(103)	461		1 966	1 003
<b>Total current liabilities</b>	<b>5 611</b>	<b>524</b>	<b>5 129</b>	<b>(23)</b>	<b>11 241</b>	<b>5 733</b>
<b>Non-current liabilities</b>						
Payables	34	366	249		649	331
Interest bearing liabilities	6 257	253	6 622	(35)	13 097	6 679
Deferred tax liabilities	1 844	(115)	2 535	1 908	6 172	3 148
Other provisions	4 193	40	803		5 036	2 568
<b>Total non-current liabilities</b>	<b>12 328</b>	<b>544</b>	<b>10 209</b>	<b>1 873</b>	<b>24 954</b>	<b>12 726</b>
<b>Total liabilities</b>	<b>17 939</b>	<b>1 068</b>	<b>15 338</b>	<b>1 850</b>	<b>36 195</b>	<b>18 459</b>
<b>Net assets</b>	<b>11 248</b>	<b>(886)</b>	<b>13 368</b>	<b>10 040</b>	<b>33 770</b>	<b>17 223</b>
<b>Equity</b>						
Total BHP Billiton interest	11 004	(886)	12 701	10 040	32 859	16 758
Outside equity interest	244	-	667		911	465
<b>Total equity</b>	<b>11 248</b>	<b>(886)</b>	<b>13 368</b>	<b>10 040</b>	<b>33 770</b>	<b>17 223</b>

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 50 US generally accepted accounting principles disclosures continued

## Purchase business combination of the BHP Billiton Plc Group continued

(a) Components of the variations for the BHP Billiton Limited Group excluding purchase accounting for the BHP Billiton Plc Group business combination, as set out in the second column of the previous page are:

	BHP Billiton Limited Group		
	2001 \$m	2001 US\$m	2000 \$m
Current receivables			
Employee Share Plan	(15)	(8)	(14)
Non-current receivables			
Employee Share Plan	(101)	(51)	(182)
Non-current other financial assets			
Purchase business combination costs	71	36	
Property, plant and equipment			
Revaluation	(135)	(69)	(145)
Exploration, evaluation and development	(132)	(67)	(126)
Asset write-downs	343	175	404
Start-up costs	(17)	(9)	(25)
	59	30	108
Deferred tax assets			
Future income tax benefit - fair value accounting for derivatives	374	191	
Future income tax benefit - asset write-downs	(2)	(1)	(13)
Future income tax benefit - profit on asset sales	15	8	17
Future income tax benefit - start-up costs	6	3	9
	393	201	13
Non-current other assets			
Pension plans	(225)	(115)	110
Consolidation of Tubemakers of Australia Ltd	-	-	93
	(225)	(115)	203
Current payables			
Fair value accounting for derivatives	626	319	
Current interest bearing liabilities			
Fair value accounting for derivatives	1	1	
Current tax liabilities			
Employee benefits	-	-	8
Current other provisions			
Employee benefits	(106)	(54)	(22)
Deferred income - profit on asset sales	3	2	6
	(103)	(52)	(16)
Non-current payables			
Fair value accounting for derivatives	366	186	
Non-current interest bearing liabilities			
Fair value accounting for derivatives	253	129	
Deferred tax liabilities			
Deferred income tax - exploration, evaluation and development	(68)	(34)	(68)
Deferred income tax - employee share plans	(18)	(9)	(51)
Deferred income tax - pension plans	(61)	(31)	38
Deferred income tax - employee benefits	32	16	10
	(115)	(58)	(71)
Non-current other provisions			
Deferred income - profit on asset sales	40	20	42
Employee benefits	-	-	(27)
	40	20	15

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 50 US generally accepted accounting principles disclosures continued

## (B) Proforma effect of purchase business combination of the BHP Billiton Plc Group on consolidated Statement of Financial Performance (unaudited)

Set forth below is the proforma consolidated Statement of Financial Performance of the BHP Billiton Group for 2000 and 2001 as if the acquisition of BHP Billiton Plc had taken place on 1 July 1999 and 1 July 2000 respectively.

## Proforma Consolidated Statement of Financial Performance (unaudited) for the year ended 30 June 2001

	Historical BHP Billiton Ltd Group per A GAAP \$m	Historical BHP Billiton Ltd Group US GAAP adjustments \$m	Historical BHP Billiton Plc Group per US GAAP \$m	Proforma adjustments \$m	BHP Billiton Group proforma \$m
<b>Revenue from ordinary activities</b>					
Sales revenue	20 698		12 379		33 077
Other revenue	1 781	(995)	379		1 165
	22 479	(995)	12 758		34 242
<i>deduct</i>					
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	16 978	(526)	9 871		26 323
Depreciation and amortisation	2 402	25	1 154	341 (a)	3 922
Borrowing costs	553		574	(29) (b)	1 098
	2 546	(494)	1 159	(312)	2 899
Share of net profit of associates accounted for using the equity method	29		99	(52) (c)	76
Profit from ordinary activities before income tax	2 575	(494)	1 258	(364)	2 975
<i>deduct</i>					
Income tax expense attributable to ordinary activities	1 066	(101)	414	(72) (d)	1 307
<b>Net profit</b>	<b>1 509</b>	<b>(393)</b>	<b>844</b>	<b>(292)</b>	<b>1 668</b>
<i>add/(deduct)</i>					
Outside equity interests in net profit	498		48		546
<b>Net profit attributable to members</b>	<b>2 007</b>	<b>(393)</b>	<b>892</b>	<b>(292)</b>	<b>2 214</b>

## Proforma Consolidated Statement of Financial Performance (unaudited) for the year ended 30 June 2000

<b>Revenue from ordinary activities</b>					
Sales revenue	19 872		7 830		27 702
Other revenue	2 052	(1 240)	234		1 046
	21 924	(1 240)	8 064		28 748
<i>deduct</i>					
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	17 549	220	6 161		23 930
Depreciation and amortisation	2 140	38	684	305 (a)	3 167
Borrowing costs	664		273	(25) (b)	912
	1 571	(1 498)	946	(280)	739
Share of net profit of associates accounted for using the equity method	29		163	(45) (c)	147
Profit from ordinary activities before income tax	1 600	(1 498)	1 109	(325)	886
<i>deduct</i>					
Income tax expense attributable to ordinary activities	51	(536)	231	(61) (d)	(315)
<b>Net profit</b>	<b>1 549</b>	<b>(962)</b>	<b>878</b>	<b>(264)</b>	<b>1 201</b>
<i>add/(deduct)</i>					
Outside equity interests in net profit	32		(50)		(18)
<b>Net profit attributable to members</b>	<b>1 581</b>	<b>(962)</b>	<b>828</b>	<b>(264)</b>	<b>1 183</b>

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**50 US generally accepted accounting principles disclosures continued**
**(B) Proforma effect of purchase business combination of the BHP Billiton Plc Group on consolidated Statement of Financial Performance (unaudited) continued**

The assumptions and related proforma adjustments give effect to the business combination of BHP Billiton Limited and BHP Billiton Plc under US GAAP as if it occurred on 1 July 1999 and

1 July 2000 for the proforma consolidated Statements of Financial Performance for the years ended 30 June 2000 and 2001 respectively.

	2001 \$m	2000 \$m
(a) Depreciation and amortisation		
- This proforma adjustment records the estimated increase in depreciation, depletion and amortisation expense related to the estimated increase in tangible assets of property, plant and equipment and undeveloped property recorded in connection with the purchase business combination of the BHP Billiton Plc Group. This proforma adjustment has been determined based on the estimated life of each asset acquired, consistent with the depreciation lives described in note 1.	261	223
- This proforma adjustment records the estimated goodwill amortisation expense of the goodwill recognised in the purchase business combination of the BHP Billiton Plc Group. This proforma adjustment has been determined based on the estimated life of the business operations associated with goodwill, consistent with the goodwill policy described in note 1.	186	158
- This proforma adjustment reverses the goodwill amortisation expense in the historical financial statements of the BHP Billiton Plc Group.	(106)	(76)
	<u>341</u>	<u>305</u>
(b) Borrowing costs		
This proforma adjustment accretes the discount arising on the difference between the fair value and the carrying amount of the long term debt of BHP Billiton Plc.	(29)	(25)
(c) Share of net profit of associates accounted for using the equity method		
This proforma adjustment reflects the amortisation of the estimated fair value uplift of assets in a joint venture, accounted for under the equity method.	(52)	(45)
(d) Income tax expense attributable to ordinary activities		
The estimated income tax effect of the proforma adjustments has been recorded based on the effective tax rate of the operating unit to which the proforma adjustment relates.		
A provision for proforma income tax expense has been recorded for proforma adjustments to the proforma consolidated Statement of Financial Performance resulting from proforma purchase price allocation adjustments.	(72)	(61)

(e) Proforma weighted average earnings per share are estimated as follows:

	2001 \$	2000 \$
Basic	0.372	0.207
Diluted	0.367	0.207
Average number of basic shares (millions)	5 944	5 725
Average number of diluted shares (millions)	6 035	5 728

**(C) Other revenue**

Under Australian GAAP sales of non-current assets are shown gross, and shown as other revenue, whereas under US GAAP the net gain or loss is shown as a component of other revenue. Refer note 3 for disclosure of proceeds from asset sales and note 7 for profits or losses from asset sales.

**(D) Foreign currency**

The BHP Billiton Limited Group's Australian accounting policy for hedged foreign currency transactions is substantially the same as that required by US GAAP. Refer note 37 for disclosure of the amount of unrealised gains or losses.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 50 US generally accepted accounting principles disclosures continued

## (E) Pension plans

The BHP Billiton Limited Group's retirement plans are discussed in note 40. The net periodic pension debit/(credit), calculated in accordance with US Statement of Financial Accounting Standards No. 87, of the BHP Billiton Limited Group's significant defined benefit plan (BHP Superannuation Fund) is summarised as follows:

	BHP Billiton Ltd Group			
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m
Service cost for year with interest	82	42	135	128
Interest cost on projected benefit obligation	81	41	98	95
Actual return on assets	(86)	(44)	(187)	(90)
Amortisation of transition asset	(22)	(11)	(30)	(30)
Deferral	(30)	(15)	28	(71)
Amortisation of prior service cost	2	1	3	3
Notional transfer - employee section	-	-	56	31
	27	14	103	66
Gain on plan curtailment and settlement	(5)	(3)	-	-
Pension cost before tax under US GAAP	22	11	103	66
BHP Billiton Limited - Group contribution	(66)	(34)	(57)	(28)
- Movement in prepaid pension asset	379	193		
deduct income tax effect	(99)	(50)	(16)	(14)
<b>Charged to US GAAP net profit/(loss)</b>	<b>236</b>	<b>120</b>	<b>30</b>	<b>24</b>
The funded status of the BHP Billiton Limited Group's significant defined benefit plan is summarised as follows:				
Market value of assets as at 31 March (1 March for 1999)	1 157	590	1 711	2 010
deduct				
Actuarial present value of benefit obligations				
Accumulated benefits				
- vested	1 148	586	1 543	1 766
- non-vested	-	-	-	34
Future salary increases	18	9	38	109
Fund (shortfall)/surplus	(9)	(5)	130	101
deduct income tax effect	2	1	29	36
<b>Net after tax effect of the fund (shortfall)/surplus to BHP Billiton Limited</b>	<b>(7)</b>	<b>(4)</b>	<b>101</b>	<b>65</b>
deduct				
Amount not recognised in US GAAP BHP Billiton Limited total equity reconciliation	(108)	(55)	29	(37)
Amount recognised in US GAAP BHP Billiton Limited total equity reconciliation	101	51	72	102
deduct				
Prepaid pension asset for Australian GAAP	265	135		
<b>Net adjustment to US GAAP BHP Billiton Limited total equity reconciliation</b>	<b>(164)</b>	<b>(84)</b>	<b>72</b>	<b>102</b>
Assumptions used in FAS 87 accounting were:				
Discount rate (per annum)	6.0%		5.0%	5.0%
Expected rate of return on plan assets (per annum)	8.0%		7.5%	7.5%
Salary inflation rate (per annum)	4.0%		3.5%	3.5%

Movements in plan assets and benefit obligations, other than those reported as part of net benefit cost, comprise employee contributions of \$43 million (2000 - \$50 million), employer

contributions of \$86 million (2000 - \$28 million), net transfers out of \$270 million (2000 - \$388 million), benefits paid \$478 million (2000 - \$102 million) and fund expenses of \$21 million (2000 - \$19 million).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**50 US generally accepted accounting principles disclosures continued**
**(F) Statement of Comprehensive Income**

In accordance with US Statement of Financial Accounting Standards No. 130, the following statement of comprehensive income reports changes in shareholders' equity excluding those resulting from investments by shareholders and distributions to shareholders. The amounts presented have been prepared in accordance with Australian GAAP, with adjustments as required to reflect the US GAAP position.

	BHP Billiton Ltd Group			
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m
Total changes in equity other than those resulting from transactions with owners - per Australian GAAP	2 643	1 348	2 050	(2 524)
Adjustments to reflect comprehensive income in accordance with US GAAP, net of income tax: <i>(deduct)/add</i>				
Total adjustment to net income per (A) Reconciliation to US GAAP above	(393)	(201)	(716)	442
Reclassification adjustment for net exchange gains included in net income (a)	13	6	(41)	(73)
Net loss on qualifying cash flow hedging instruments as at 1 July 2000	(531)	(270)		
Gains/losses on qualifying cash flow hedging instruments	(596)	(304)		
Net transfer to earnings on maturity of cash flow hedging instruments	298	152		
Adjustment for initial adoption of revised accounting standard AASB1016:Accounting for Investments in Associates			(250)	
Comprehensive income - per US GAAP (b)	1 434	731	1 043	(2 155)
Accumulated other comprehensive income comprises:				
- Exchange fluctuation account	910	464	249	117
- Qualifying cash flow hedging instruments	(829)	(423)		
(a) Tax benefit/(expense) of other comprehensive income items:				
- Movements in exchange fluctuation account	148	75	56	(112)
- Reclassification adjustment for exchange gains included in net income	-	-	47	176
(b) Estimated losses expected to be reclassified from other comprehensive income to earnings in the year ended 30 June 2002 are approximately \$400 million after tax.				

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**50 US generally accepted accounting principles disclosures continued****(G) Future impact of new accounting standards**

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141: Business Combinations (FAS141) and Statement of Financial Accounting Standard No. 142: Goodwill and Other Intangible Assets (FAS142). In August, the FASB also issued Statement of Financial Accounting Standards No. 143: Accounting for Asset Retirement Obligations (FAS143).

For the purpose of deriving US GAAP financial information of the BHP Billiton Limited Group, FAS141 applies to purchase business combinations entered into after 30 June 2001, and is not available for application to earlier transactions. FAS142 will apply for the year ending 30 June 2003 (early adoption is permitted in certain circumstances) and FAS143 will apply for the year ending 30 June 2003 (early adoption is permitted). The BHP Billiton Limited Group has not adopted any of these standards early for the purpose of the 30 June 2001 financial statements and has made no decision concerning early adoption for the following year.

FAS141 changes the accounting for business combinations to a single purchase accounting method. FAS141 also changes the recognition criteria for intangible assets other than goodwill, and expands disclosure requirements in relation to business combinations. FAS142 changes the accounting for acquired goodwill and other intangible assets by requiring that goodwill and intangible assets with indefinite useful lives not be amortised. Under FAS142, the carrying amount of such assets will be subject to impairment tests at least on an annual basis. FAS143 changes accounting for the retirement of tangible long-lived assets by requiring that the fair value of legal obligations associated with the retirement of such assets be recognised as a liability and capitalised as part of the cost of those assets.

The BHP Billiton Limited Group has not evaluated the potential impact of any of these new standards on its future financial performance or financial position. The nature and degree of their impact, if any, will depend on matters such as the final determination of purchase accounting for the business combination of the BHP Billiton Plc Group and the determination of fair values of site restoration and rehabilitation obligations of the BHP Billiton Limited Group.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**51 Supplementary oil and gas information****Capitalised costs and costs incurred relating to oil and gas producing activities**

The following table shows the aggregate capitalised costs relating to oil and gas producing activities and related accumulated depreciation, depletion and amortisation and valuation allowances in accordance with Australian GAAP except as otherwise indicated.

Capitalised costs include mineral rights attributable to the acquired oil and gas operations of Hamilton Oil Corporation (HOC)

which was shown as an intangible in the BHP Billiton Limited Group's consolidated Statement of Financial Position. In accordance with Australian GAAP, the gross property costs and accumulated depreciation, depletion and amortisation and valuation allowances attributable to the acquisition of HOC were recorded in the accounts of the BHP Billiton Limited Group using the purchase accounting method. In addition, amounts shown below also include revaluations of fixed assets above original costs, permissible under Australian GAAP.

	BHP Billiton Ltd Group		
	2001 \$m	2001 \$USm	2000 \$m
Capitalised costs			
Unevaluated properties	538	274	417
Production properties	12 372	6 310	10 971
Total costs (a)	12 910	6 584	11 388
<i>less</i> accumulated depreciation, depletion and amortisation and valuation allowances (a)	6 039	3 080	5 200
Net costs	6 871	3 504	6 188

(a) Includes \$560 million (2000 - \$560 million) attributable to prior year revaluations of fixed assets above historical costs pursuant to Australian GAAP and related accumulated amortisation thereof of \$425 million in 2001 (2000 - \$415 million).





## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 51 Supplementary oil and gas information continued

	BHP Billiton Ltd Group					
	Australia	Americas	United Kingdom	Other	Total worldwide	Total worldwide
	2001					US\$m
	\$m					
Oil and gas sales	4 481	398	959	9	5 847	2 982
<i>Deduct/(add)</i>						
Operating costs (a)	1 416	141	227	(4)	1 780	908
Exploration expenses	57	198	1	51	307	157
Depreciation, depletion and amortisation (b) (c)	532	121	297	18	968	493
Other, net (d)	(47)	-	-	-	(47)	(24)
	2 523	(62)	434	(56)	2 839	1 448
Income taxes	847	(64)	117	(10)	890	454
Results of oil and gas producing activities (e)	1 676	2	317	(46)	1 949	994
	2000					
	\$m					
Oil and gas sales	3 484	219	795	52	4 550	
<i>Deduct/(add)</i>						
Operating costs (a)	1 254	71	184	21	1 530	
Exploration expenses	34	135	2	38	209	
Depreciation, depletion and amortisation (b) (c)	494	60	311	20	885	
Other, net (d)	(36)	-	(61)	(76)	(173)	
	1 738	(47)	359	49	2 099	
Income taxes	619	(15)	132	(49)	687	
Results of oil and gas producing activities (e)	1 119	(32)	227	98	1 412	
	1999					
	\$m					
Oil and gas sales	1 673	96	585	82	2 436	
<i>Deduct/(add)</i>						
Operating costs (a)	690	51	197	28	966	
Exploration expenses	47	79	4	65	195	
Depreciation, depletion and amortisation (b) (c)	317	41	297	37	692	
Other, net	(121) (f)	26	210 (g)	1	116	
	740	(101)	(123)	(49)	467	
Income taxes	219	(36)	28	(6)	205	
Results of oil and gas producing activities (e)	521	(65)	(151)	(43)	262	

(a) Includes Resource Rent Tax of \$1 196 million (2000 - \$732 million; 1999 - \$294 million).

(b) Amortisation includes \$12 million in 1999 attributable to goodwill associated with the acquisition of HOC which, under US GAAP would be treated as mineral rights. There is no such amortisation in 2001 and 2000 due to the write-off of this goodwill in 1999.

(c) Includes \$10 million (2000 - \$12 million; 1999 - \$14 million) attributable to amortisation of prior year revaluations of fixed assets in excess of costs pursuant to Australian GAAP.

(d) Predominantly includes gain on asset sales plus Australian corporate tax rate adjustment in 2000.

(e) Amounts shown exclude general corporate overheads, interest income and borrowing costs, and downstream processing of oil and gas into products for resale and, accordingly, do not represent all of the operations attributable to the BHP Billiton Limited Group's petroleum segment presented in note 9. There are no outside equity interests.

(f) Gain on asset sales.

(g) Includes write-off of goodwill and write-down of mineral rights associated with the acquisition of HOC.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**51 Supplementary oil and gas information** continued**Standardised measure of discounted future net cash flows relating to proved oil and gas reserves ('Standardised Measure') (unaudited)**

The purpose of this disclosure is to provide data with respect to the estimated future net cash flows from future production of proved developed and undeveloped reserves of crude oil, condensate, natural gas liquids and natural gas.

The Standardised Measure is based on the BHP Billiton Limited Group's estimated proved reserves, (as presented in the section Reserves) and this data should be read in conjunction with that disclosure which is hereby incorporated by reference into this section. The standardised measures reflect the adoption of uniform reserve reporting standards which resulted in the removal of royalties from Australian reserves and restatement of proved reserves for the UK.

The Standardised Measure is prepared on a basis which presumes that year-end economic and operating conditions will continue over the periods in which year-end proved reserves would be produced. The effects of future inflation, future changes in exchange rates and expected future changes in technology, taxes and operating practices have not been included.

The Standardised Measure is prepared by projecting the estimated future annual production of proved reserves owned at period end and pricing that future production at prices in effect at period end to derive future cash inflows. Future price increases may be considered only to the extent that they are provided by fixed contractual arrangements in effect at period end and are not dependent upon future inflation or exchange rate changes.

Future cash inflows are then reduced by future costs of producing and developing the period end proved reserves based on costs in effect at period end without regard to future inflation or changes in technology or operating practices. Future development costs include the costs of drilling and equipping development wells and construction of platforms and production facilities to gain access to proved reserves owned at period end. They also include future costs, net of residual salvage value, associated with the abandonment of wells, dismantling of production platforms and restoration of drilling sites. Future cash inflows are further reduced by future income taxes based on tax rates in effect at period end and after considering the future deductions and credits applicable to proved properties owned at period end. The resultant annual future net cash flows (after deductions of operating costs including resource rent taxes, development costs and income taxes) are discounted at 10% per annum to derive the Standardised Measure.

There are many important variables, assumptions and imprecisions inherent in developing the Standardised Measure, the most important of which are the level of proved reserves and the rate of production thereof. The Standardised Measure is not an estimate of the fair market value of the BHP Billiton Limited Group's oil and gas reserves. An estimate of fair value would also take into account, among other things, the expected recovery of reserves in excess of proved reserves, anticipated future changes in prices, costs and exchange rates, anticipated future changes in secondary tax and income tax rates, and alternative discount factors representing the time value of money and adjustments for risks inherent in producing oil and gas.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 51 Supplementary oil and gas information continued

Standardised Measure of discounted future net cash flows (unaudited)	BHP Billiton Ltd Group					
	Australia	Americas	United Kingdom	Other	Total worldwide	Total worldwide
						2001
						\$m
						US\$m
Future cash inflows	38 611	5 217	4 899	1 416	50 143	25 573
Future production costs	(12 212)	(1 483)	(1 414)	(477)	(15 586)	(7 949)
Future development costs	(5 116)	(1 285)	(115)	(321)	(6 837)	(3 487)
Future income taxes	(6 229)	(821)	(992)	(98)	(8 140)	(4 151)
Future net cash flows	15 054	1 628	2 378	520	19 580	9 986
Discount at 10% per annum	(7 501)	(580)	(582)	(216)	(8 879)	(4 528)
Standardised Measure	7 553	1 048	1 796	304	10 701	5 458
						2000
						\$m
Future cash inflows	42 033	1 948	6 171	1 390	51 542	
Future production costs	(14 954)	(361)	(1 629)	(395)	(17 339)	
Future development costs	(2 741)	(253)	(258)	(344)	(3 596)	
Future income taxes	(7 354)	(441)	(1 181)	(76)	(9 052)	
Future net cash flows	16 984	893	3 103	575	21 555	
Discount at 10% per annum	(9 235)	(258)	(847)	(297)	(10 637)	
Standardised Measure	7 749	635	2 256	278	10 918	
						1999
						\$m
Future cash inflows	23 694	639	4 844	728	29 905	
Future production costs	(8 952)	(271)	(1 556)	(232)	(11 011)	
Future development costs	(3 059)	(56)	(281)	(155)	(3 551)	
Future income taxes	(4 063)	(55)	(874)	(14)	(5 006)	
Future net cash flows	7 620	257	2 133	327	10 337	
Discount at 10% per annum	(3 880)	(70)	(736)	(177)	(4 863)	
Standardised Measure	3 740	187	1 397	150	5 474	

Changes in the Standardised Measure are presented in the following table. The beginning of year and end of year totals are shown after reduction for income taxes and these, together with the changes in income tax amounts, are shown in discounted amounts (at 10% per annum). All other items of change represent discounted amounts before consideration of income tax effects.

The principal reasons for significant changes in the Standardised Measure are explained in notes to the table.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 51 Supplementary oil and gas information continued

Changes in the standardised Measure of discounted future net cash flows (unaudited)	2001	BHP Billiton Ltd Group		
	\$m	2001 US\$m	2000 \$m	1999 \$m
Standardised Measure - beginning of period	10 918	5 568	5 474	5 928
Revisions:				
Prices, net of production costs	(397)	(202)	8 085	(1 246) (a)
Revisions of quantity estimates (b)	(53)	(27)	839	612
Accretion of discount	1 528	779	848	901
Changes in production timing and other (c)	844	430	(466)	(294)
	12 840	6 548	14 780	5 901
Sales of oil and gas, net of production costs	(4 148)	(2 115)	(2 894)	(1 414)
Acquisitions of reserves-in-place	139	71	-	-
Sales of reserves-in-place	(47) (d)	(24)	(118) (e)	(122) (f)
Development costs incurred which reduced previously estimated development costs	639	326	410	703
Extensions and discoveries, net of future costs	919	469	851	72
Changes in future income taxes	359	183	(2 111)	334
Standardised Measure - end of period	10 701	5 458	10 918	5 474

(a) Mainly reduction in gas prices resulting from renegotiation of future gas price contractual arrangements for Liverpool Bay, consideration for which is included in deferred income. Refer note 25 and 28.

(b) Changes in reserves quantities are discussed in the notes to 'Oil and Gas Reserves'.

(c) Includes the effect of foreign exchange.

(d) Reflects sale of Buffalo oil field in Northern Australia on 30 March 2001.

(e) Reflects the sale of PNG assets in December 1999.

(f) Reflects sale of Ravenspurn North and Johnston gas fields in the North Sea to Eastern Group Plc, completed on 5 July 1999.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**52 US transitional reporting requirements (unaudited)**

Following the change in balance date to 30 June, in accordance with US Securities and Exchange Commission (SEC) Rule 15D-10, unaudited consolidated financial statements, reconciled to US GAAP have been furnished with the annual report, covering the transitional month of June 1999 and the 12 month period ended 30 June 2000.

Summary management discussion and analysis comments referencing major transactions occurring in the month of June 1999 are included on page 82 and should be read in conjunction with the following financial statements.

(A) Statement of Financial Performance	Corresponding annual report note (a)	BHP Billiton Ltd Group 12 months ended 30 June 2000		One month ended 30 June 1999	
		\$m	US\$m (b)	\$m	US\$m (b)
<b>Operating revenue</b>					
Sales revenue	3	19 872	11 866	1 634	1 080
Other revenue	3	2 052	1 225	95	63
		21 924	13 091	1 729	1 143
<i>deduct</i>					
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	4	17 549	10 479	1 409	932
Depreciation and amortisation	5	2 140	1 278	152	100
Borrowing costs	6	664	396	59	39
Profit from ordinary activities before income tax		1 571	938	109	72
Share of net profit of associated entities accounted for using the equity method	17	29	17	1	1
Profit from ordinary activities before income tax	7	1 600	955	110	73
<i>deduct</i>					
Tax expense attributable to ordinary activities	8	51	30	66	44
<b>Net profit</b>		1 549	925	44	29
Outside equity interests in net profit		32	19	2	1
<b>Net profit attributable to members of BHP Billiton Limited</b>		1 581	944	46	30
Adjustment for initial adoption of revised accounting standard AASB 1016: Accounting for Investments in Associates				250	166
Net exchange fluctuations on translation of foreign currency net assets and foreign currency interest bearing liabilities net of tax		280	167	(107)	(71)
Total direct equity adjustments to equity attributable to members of BHP Billiton Limited		280	167	143	95
<b>Total changes in equity other than those resulting from transactions with owners</b>	34	1 861	1 111	189	125

(a) Corresponding annual report notes provide further details of results for the thirteen month period to 30 June 2000.

(b) Translation of amounts from Australian currency into US currency has been made throughout this note for the convenience of the reader at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York on Friday 30 June 2000 (US\$0.5971 = A\$1), and Wednesday 30 June 1999 (US\$0.6611 = A\$1).

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 52 US transitional reporting requirements (unaudited) continued

(B) Statement of Financial Position	Corresponding annual report note	BHP Billiton Ltd Group			
		As at 30 June 2000		As at 30 June 1999	
		\$m	US\$m	\$m	US\$m
<b>Assets</b>					
<b>Current assets</b>					
Cash assets	35	1 039	620	774	512
Receivables	12	2 629	1 570	2 623	1 734
Other financial assets	13	4	2	3	2
Inventories	14	2 138	1 277	2 389	1 579
Other assets	15	271	162	228	151
<b>Total current assets</b>		<b>6 081</b>	<b>3 631</b>	<b>6 017</b>	<b>3 978</b>
<b>Non-current assets</b>					
Receivables	16	189	113	303	200
Investments accounted for under the equity method	17	632	377	310	205
Other financial assets	18	499	298	583	386
Inventories	19	159	95	188	124
Property, plant and equipment	20	19 586	11 695	22 404	14 811
Intangible assets	21	130	78	175	116
Deferred tax assets	8	1 268	757	1 105	731
Other assets	22	800	477	715	472
<b>Total non-current assets</b>		<b>23 263</b>	<b>13 890</b>	<b>25 783</b>	<b>17 045</b>
<b>Total assets</b>	<b>9</b>	<b>29 344</b>	<b>17 521</b>	<b>31 800</b>	<b>21 023</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	23	2 566	1 532	2 517	1 664
Interest bearing liabilities	24	2 530	1 511	1 760	1 164
Tax liabilities		192	115	150	99
Other provisions	25	1 535	916	1 662	1 098
<b>Total current liabilities</b>		<b>6 823</b>	<b>4 074</b>	<b>6 089</b>	<b>4 025</b>
<b>Non-current liabilities</b>					
Payables	26	45	27	36	24
Interest bearing liabilities	27	5 868	3 504	10 060	6 651
Deferred tax liabilities	8	1 896	1 132	2 330	1 540
Other provisions	28	3 707	2 213	3 500	2 314
<b>Total non-current liabilities</b>		<b>11 516</b>	<b>6 876</b>	<b>15 926</b>	<b>10 529</b>
<b>Total liabilities</b>		<b>18 339</b>	<b>10 950</b>	<b>22 015</b>	<b>14 554</b>
<b>Net assets</b>	<b>9</b>	<b>11 005</b>	<b>6 571</b>	<b>9 785</b>	<b>6 469</b>
<b>Equity</b>					
Contributed equity	29	7 093	4 235	6 684	4 419
Reserves	31	419	250	284	187
Retained profits	32	2 841	1 696	2 122	1 403
Total BHP Billiton Limited interest		10 353	6 181	9 090	6 009
Outside equity interest	33	652	390	695	460
<b>Total equity</b>	<b>34</b>	<b>11 005</b>	<b>6 571</b>	<b>9 785</b>	<b>6 469</b>

## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 52 US transitional reporting requirements (unaudited) continued

(C) Statement of Cash Flows	Corresponding annual report note	BHP Billiton Ltd Group			
		12 months ended 30 June 2000		One month ended 30 June 1999	
		\$m	US\$m	\$m	US\$m
<b>Cash flows related to operating activities</b>					
Receipts from customers		19 250	11 494	1 709	1 130
Payments to suppliers, employees, etc.		(14 582)	(8 707)	(1 628)	(1 076)
Dividends received		46	27	-	-
Interest received		88	53	3	2
Borrowing costs		(801)	(478)	(115)	(76)
Proceeds from gas sales contract price re-negotiation		-	-	231	153
Other		277	165	60	39
Operating cash flows before income tax		4 278	2 554	260	172
Income taxes paid		(636)	(379)	36	23
<b>Net operating cash flows</b>	35	3 642	2 175	296	195
<b>Cash flows related to investing activities</b>					
Purchases of property, plant and equipment		(983)	(587)	(119)	(79)
Exploration expenditure		(349)	(208)	(24)	(16)
Purchases of investments		(338)	(202)	(100)	(66)
Investing outflows		(1 670)	(997)	(243)	(161)
Proceeds from sale of property, plant and equipment		717	428	24	16
Proceeds from sale or redemption of investments		229	137	13	9
Proceeds from sale or partial sale of controlled entities and joint venture interests net of their cash		693	413	5	3
<b>Net investing cash flows</b>		(31)	(19)	(201)	(133)
<b>Cash flows related to financing activities</b>					
Proceeds from ordinary share issues, etc.		251	150	24	16
Proceeds from interest bearing liabilities		1 263	754	395	261
Repayment of interest bearing liabilities		(4 822)	(2 879)	(45)	(30)
Dividends paid		(251)	(150)	(247)	(163)
Other		63	38	19	13
<b>Net financing cash flows</b>		(3 496)	(2 087)	146	97
<b>Net increase in cash and cash equivalents</b>		115	69	241	159
Cash and cash equivalents at beginning of period		789	471	573	379
Effect of foreign currency exchange rate changes on cash and cash equivalents		33	19	(25)	(17)
<b>Cash and cash equivalents at end of period</b>	35	937	559	789	521



## NOTES TO FINANCIAL STATEMENTS CONTINUED

## 52 US transitional reporting requirements (unaudited) continued

## (D) Reconciliation to US GAAP

Refer note 50 for description of reconciling items.

Net profit/(loss) for the financial period	BHP Billiton Ltd Group			
	12 months ended 30 June 2000		One month ended 30 June 1999	
	\$m	US\$m	\$m	US\$m
Net profit attributable to members of BHP Billiton Limited as reported in the consolidated Statement of Financial Performance	1 581	944	46	30
Estimated adjustment required to accord with US GAAP (a): <i>add/(deduct)</i>				
- Depreciation				
- write-downs	(47)	(28)	(4)	(2)
- revaluations	11	6	1	1
- Exploration, evaluation and development expenditures	(5)	(3)	-	-
- Pension plans	(28)	(17)	(2)	(1)
- Equity accounting	-	-	250	165
- Consolidation of Tubemakers of Australia Ltd	(6)	(4)	-	-
- Employee benefits	24	15	2	1
- Realised net exchange gains on sale of assets/closure of operations	41	24	-	-
- Asset write-downs	(907)	(541)	-	-
- Start-up costs	(15)	(8)	(1)	(1)
- Profit on asset sales	(30)	(18)	-	-
Total adjustment	(962)	(574)	246	163
Estimated profit according to US GAAP	619	370	292	193
Equity attributable to members of BHP Billiton Limited	BHP Billiton Ltd Group			
	As at 30 June 2000		As at 30 June 1999	
	\$m	US\$m	\$m	US\$m
Total equity	11 005	6 571	9 785	6 469
<i>deduct</i> outside equity interests	652	390	695	460
Equity attributable to members of BHP Billiton Limited	10 353	6 181	9 090	6 009
Estimated adjustment required to accord with US GAAP (a): <i>add/(deduct)</i>				
- Property, plant and equipment revaluations	(145)	(87)	(156)	(103)
- Exploration, evaluation and development expenditures	(58)	(35)	(53)	(35)
- Pension plans	72	43	100	66
- Consolidation of Tubemakers of Australia Ltd	93	56	99	65
- Employee benefits	31	19	7	5
- Employee Share Plan loans	(54)	(32)	(119)	(78)
- Asset write-downs	391	233	1 345	889
- Start-up costs	(16)	(9)	(1)	(1)
- Profit on asset sales	(30)	(18)	-	-
Total adjustment	284	170	1 222	808
Estimated equity attributable to members of BHP Billiton Limited according to US GAAP	10 637	6 351	10 312	6 817

(a) Reconciliation amounts for the 12 months ended 30 June 2000 are estimated equivalents based on thirteen months to June 2000 data.

## NOTES TO FINANCIAL STATEMENTS CONTINUED

**53 BHP Billiton Group disclosures**

On 29 June 2001 BHP Billiton Limited (formerly BHP Limited) and BHP Billiton Plc (formerly Billiton Plc) established a DLC structure to create a diversified global resources group, called BHP Billiton (the BHP Billiton Group). Under the terms of the DLC structure one existing BHP Billiton Plc share had an economic interest equivalent to 0.4842 existing BHP Billiton Limited shares and to ensure that the economic and voting interest of each BHP Billiton Limited and BHP Billiton Plc share was equivalent there was a bonus issue to BHP Billiton Limited shareholders at a ratio of 1.0651 additional BHP Billiton Limited shares for each existing share held on 5 July 2001. The bonus share issue was effective 29 June 2001.

A full description of the DLC structure (including management, equalisation of economic and voting rights, dividends, voting, matching actions, cross guarantees, takeover provisions and the bonus issue) is provided in the 'BHP Billiton Limited Annual Report 2001 – Description of Business and Financial Statements', commencing on page 100.

To comply with Australian regulatory requirements, the BHP Billiton Limited Group has produced an Annual Report for BHP Billiton Limited which complies with Australian generally accepted accounting principles (GAAP) and is presented in Australian dollars. Australian regulatory requirements do not allow the inclusion this year, in the BHP Billiton Limited Annual Report, of a Statement of Financial Performance, a Statement of Cash Flows or notes to the financial statements for the BHP Billiton Group. Australian regulatory requirements allow the inclusion of a proforma Statement of Financial Position for the BHP Billiton Group as provided in this note.

The proforma Statement of Financial Position combines the accounts of the BHP Billiton Limited Group and the BHP Billiton Plc Group, each being prepared in accordance with Australian GAAP. It is prepared on the historical cost basis, with no fair value adjustments.

To comply with UK regulatory requirements, the BHP Billiton Group has also produced an Annual Report for BHP Billiton Plc.

The BHP Billiton Plc Annual Report complies with UK GAAP and reports the 2001 financial year and the corresponding period on a combined BHP Billiton Group basis. It includes financial statements (and associated notes to financial statements) presented in US dollars. The BHP Billiton Plc Annual Report is available from the BHP Billiton Share Department or, alternatively, can be viewed on the BHP Billiton web site ([www.bhpbilliton.com](http://www.bhpbilliton.com)).

To comply with US Securities Exchange Commission filing requirements, consolidated financial information of the BHP Billiton Group has been prepared in accordance with US GAAP. Refer note 50.

<b>Proforma Statement of Financial Position</b>	<b>30 June 2001 \$m</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash assets	2 542
Receivables	4 445
Other financial assets	424
Inventories	3 329
Other assets	257
<b>Total current assets</b>	<b>10 997</b>
<b>Non-current assets</b>	
Receivables	766
Investments accounted for using the equity method	2 445
Other financial assets	1 088
Inventories	211
Property, plant and equipment	36 889
Intangible assets	1 203
Deferred tax assets	1 155
Other assets	1 349
<b>Total non-current assets</b>	<b>45 106</b>
<b>Total assets</b>	<b>56 103</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Payables	4 510
Interest bearing liabilities	3 567
Tax liabilities	593
Other provisions	2 069
<b>Total current liabilities</b>	<b>10 739</b>
<b>Non-current liabilities</b>	
Payables	283
Interest bearing liabilities	12 905
Deferred tax liabilities	2 950
Other provisions	5 012
<b>Total non-current liabilities</b>	<b>21 150</b>
<b>Total liabilities</b>	<b>31 889</b>
<b>Net assets</b>	<b>24 214</b>
<b>Equity</b>	
Contributed equity	9 480
Reserves	1 061
Retained profits	12 911
Total BHP Billiton Group interest	23 452
Outside equity interest	762
<b>Total equity</b>	<b>24 214</b>

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of BHP Billiton Limited, the Directors declare that the financial statements and notes, set out on pages 112 to 200:

- (a) comply with applicable Accounting Standards and Corporations Regulations; and
- (b) give a true and fair view of the financial position of BHP Billiton Limited and the BHP Billiton Limited Group as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

In the Director's opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act.; and
- (b) there are reasonable grounds to believe that BHP Billiton Limited will be able to pay its debts as and when they become due and payable.

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



D R Argus - Director

Dated at Melbourne this 3rd day of September 2001

## INDEPENDENT AUDIT REPORT

To the members of BHP Billiton Limited:

**Scope**

We have audited the financial report of BHP Billiton Limited for the year ended 30 June 2001 as set out on pages 112 to 201. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at 30 June 2001 or from time to time during the financial year. The company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian and United States auditing standards, to provide reasonable assurance whether the financial report is free of material misstatement.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the financial report of BHP Billiton Limited is in accordance with:

- (a) the Corporations Act (2001), including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations (2001); and
- (b) other mandatory professional reporting requirements.

**Reconciliation to United States Accounting Principles**

Accounting practices used by BHP Billiton Limited in preparing the financial report conform with accounting principles generally accepted in Australia but do not conform with accounting principles generally accepted in the United States. A description of these differences and a complete reconciliation of consolidated net profit and total equity to accounting principles generally accepted in the United States is set forth in note 50.



Arthur Andersen - Chartered Accountants



G A Hounsell - Partner

Dated at Melbourne this 3rd day of September 2001

## FINANCIAL SUMMARY 1997-2001

This financial summary includes selected information restated on a 12 months to June basis, which has not been subject to audit review.

All data presented has been prepared in accordance with Australian generally accepted accounting principles and accounting policies applying to each period, except for the year

ended 30 June 1997 which has been restated to reflect adoption of AASB 1033: Presentation and Disclosure of Financial Instruments. Adoption of this standard resulted in certain redeemable preference shares which exhibited the characteristics of liabilities being reclassified from outside equity interest to interest bearing liabilities.

Statement of Financial Performance items	Years ended 30 June					
	2001 \$m	2001 US\$m	2000 \$m	1999 \$m	1998 \$m	1997 \$m
Sales to Australian customers						
- from Australia	5 456	2 783	6 397	5 920	6 738	6 820
- from outside Australia	-	-	104	88	44	95
Sales to non-Australian customers						
- from Australia	7 993	4 076	6 092	6 395	6 844	5 957
- from outside Australia	7 249	3 697	7 279	6 884	7 659	7 957
Total sales revenue	20 698	10 556	19 872	19 287	21 285	20 829
Other revenue	1 781	908	2 052	2 732	1 907	2 961
Total revenue from ordinary activities	22 479	11 464	21 924	22 019	23 192	23 790
Depreciation and amortisation	2 402	1 225	2 140	2 203	2 218	1 979
Borrowing costs	553	282	664	718	752	784
Share of net profit of associated entities accounted for using the equity method	29	15	29			
Income tax expense	1 066	543	51	148	541	856
Net profit /(loss)	1 509	770	1 549	(2 302)	(1 638)	510
Outside equity interests in net profit/(loss)	498	254	32	3	47	(52)
Net profit/(loss) attributable to members of BHP Billiton Limited	2 007	1 024	1 581	(2 299)	(1 591)	458
<b>Statement of Financial Performance statistics</b>						
Basic earnings per share (a)(b)	\$0.544	\$0.277	\$0.433	\$(0.642)	\$(0.454)	\$0.135
Dividends or equivalent as declared (\$ million)	912	465	903	884	866	836
Dividends per fully paid share						
- as declared	\$0.510	\$0.260	\$0.510	\$0.510	\$0.510	\$0.510
- as declared adjusted for bonus issue	\$0.247	\$0.126	\$0.247	\$0.247	\$0.247	\$0.247
Dividend cover (times) (c)	2.2		1.8	(d)	(d)	0.5
Dividend payout ratio (times) (e)	0.5		0.6	(d)	(d)	1.8
EBIT interest cover (times) (f)	5.4		3.3	(d)	(d)	2.3
EBITDA Interest cover (times) (g)	9.6		6.5	0.9	1.9	4.4

(a) Based on net profit/(loss) attributable to members of BHP Billiton Limited divided by the weighted average number of fully paid shares.

(b) Comparative data has been restated to take into account the bonus share issue effective 29 June 2001. Refer note 29.

(c) Calculated on dividends or equivalent declared.

(d) Figure is negative.

(e) Calculated as dividends per share (adjusted for bonus issue) divided by earnings per share (adjusted for bonus issue).

(f) Calculated as net profit/(loss) before borrowing costs and income tax expense divided by total borrowing costs.

(g) Calculated as net profit/(loss) before borrowing costs, income tax, depreciation and amortisation expense, divided by total borrowing costs.

## FINANCIAL SUMMARY 1997-2001 CONTINUED

Statement of Financial Position items	2001 \$m	2001 US\$m	As at 30 June			
			2000 \$m	1999 \$m	1998 \$m	1997 \$m
Current assets	5 801	2 959	6 081	6 017	7 415	7 889
Non-current investments and other financial assets	755	385	1 131	893	853	770
Property, plant and equipment	20 014	10 207	19 586	22 404	26 413	26 061
Intangible assets	2	1	130	175	387	389
Other non-current assets	2 615	1 333	2 416	2 311	2 610	1 659
<b>Total assets</b>	<b>29 187</b>	<b>14 885</b>	<b>29 344</b>	<b>31 800</b>	<b>37 678</b>	<b>36 768</b>
<i>deduct</i>						
Current liabilities	5 611	2 862	6 823	6 089	5 895	6 889
Non-current interest bearing liabilities	6 257	3 191	5 868	10 060	13 452	11 126
Other non-current liabilities	6 071	3 096	5 648	5 866	5 634	4 981
<b>Net assets</b>	<b>11 248</b>	<b>5 736</b>	<b>11 005</b>	<b>9 785</b>	<b>12 697</b>	<b>13 772</b>
Equity						
- attributable to members of BHP Billiton Limited	11 004	5 612	10 353	9 090	11 860	12 952
- attributable to outside equity interests	244	124	652	695	837	820
<b>Total equity</b>	<b>11 248</b>	<b>5 736</b>	<b>11 005</b>	<b>9 785</b>	<b>12 697</b>	<b>13 772</b>
<b>Statement of Financial Position statistics</b>						
Total interest bearing liabilities (a) as a percentage of total interest bearing liabilities and equity	38.3%		42.7%	53.7%	53.2%	48.8%
Net tangible assets attributable to members of BHP Billiton Limited (b)	\$2.97	\$1.51	\$2.77	\$2.43	\$3.16	\$3.51
Return on shareholders' equity at year end	18.2%		15.3%	(25.3)%	(13.4)%	3.5%
Return on capital (c)	9.9%		9.9%	(7.5)%	(4.1)%	3.9%
<b>US GAAP statistics</b>						
Profit/(loss) from ordinary activities after income tax, attributable to members of BHP Billiton Limited						
- per fully paid share (b) (d) (e)	\$0.437	\$0.223	\$0.350	\$(1.070)	\$(0.415)	\$0.320
- per ADS (b) (d) (f)	\$0.874	\$0.446	\$0.699	\$(2.141)	\$(0.829)	\$0.641
Dividends provided for or paid						
- per fully paid share (d) (g)	\$0.510	\$0.260	\$0.510	\$0.510	\$0.510	\$0.510
- per ADS (d) (f) (g)	\$1.020	\$0.520	\$1.020	\$1.020	\$1.020	\$1.020
Return on equity	4.9%		5.8%	(17.8)%	(5.5)%	4.0%

(a) Calculated as total interest bearing liabilities (current and non-current), excluding finance leases, bank overdrafts and other divided by total interest bearing liabilities and net assets.

(b) Comparative data has been restated to take into account the bonus share issue effective 29 June 2001. Refer note 29.

(c) Calculated as net profit/(loss) before net unallocated interest, as a percentage of average capital employed, where average capital employed equals total equity plus current and non-current interest bearing liabilities (long term loans, redeemable preference shares and non-recourse finance).

(d) All amounts are adjusted for stock dividends during the periods indicated.

(e) Based on the weighted average number of shares on issue calculated as if the shares held by the Beswick Group in years ended 30 June 1996 to 1998 were treated as Treasury stock. There were no shares held by the Beswick Group at 30 June 1999, 2000 and 2001.

(f) Assumes that, for the periods indicated, each ADS represents two ordinary shares.

(g) As declared.

## GLOSSARY OF TERMS

To assist readers in understanding unfamiliar terms the following Glossary is presented.

### **Australian terminology**

Total Equity

Contributed equity

Ordinary Shares

Reserve, e.g. General Reserve  
forms part of Shareholders' Equity

Share Premium Reserve

Retained Profits

Provision - accrued liability, i.e. not part of Total Equity

Bonus Issue

Investment Allowance

Controlled Entity

Depreciation

### **US equivalent**

Stockholders' Equity

Subscribed Capital Stock

Common Stock

Appropriated Surplus or  
Retained Earnings

Paid-in Surplus

Retained Earnings

Reserve - can represent either part of Stockholder's  
Equity, accrued liability or estimated depletion  
in the cost of an asset

Stock Dividend

Investment Tax Credit

Subsidiary

Depreciation and depletion