BHP Billiton Limited (single entity)

Financial Statements
for the year ended 30 June 2002

BHP Billiton Limited (single entity)
A.C.N. 49 004 028 077
Financial Statements
30 June 2002

Contents

Registered Address:
600 Bourke Street, Melbourne, Victoria, Australia

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Statement of financial performance
For the year ended 30 June 2002

	Notes	30 June 2002 $m	30 June 2001 $m
Revenue from ordinary activities			
Sales revenue	2	-	142
Other revenue	2	2,341	6,223
		2,341	6,365
deduct			
Expenses from ordinary activities, excluding depreciation and borrowing costs	3	757	3,075
		1,584	3,290
deduct			
Depreciation	4	8	32
Borrowing costs	5	653	751
Profit from ordinary activities before income tax		923	2,507
Income tax benefit attributable to ordinary activities	8	(50)	(18)
Net profit		973	2,525
Total changes in equity other than those resulting from transactions with owners as owners	28	973	2,525

The accompanying notes form part of these financial statements.

BHP Billiton Limited (single entity)
A.C.N. 49 004 028 077

Statement of financial position
As at 30 June 2002

	Notes	30 June 2002 $m	30 June 2001 $m
Assets			
Current assets			
Cash assets	29(a)	83	7
Receivables	10	30,044	21,116
Inventories	11	-	16
Other	12	1	1
Total current assets		30,128	21,140
Non-current assets			
Receivables	13	2,096	3,398
Other financial assets	14	19,525	18,832
Property, plant and equipment	15	34	72
Deferred tax assets	16	198	210
Other	17	3	3
Total non-current assets		21,856	22,515
Total assets		51,984	43,655
Liabilities			
Current liabilities			
Payables	18	33,200	23,807
Interest bearing liabilities	19	4	-
Tax liabilities	20	96	26
Other provisions	21	734	596
Total current liabilities		34,034	24,429
Non-current liabilities			
Interest bearing liabilities	22	4,712	6,077
Other provisions	23	39	191
Total non-current liabilities		4,751	6,268
Total liabilities		38,785	30,697
Net assets		13,199	12,958
Equity			
Contributed equity	24	5,638	5,443
Reserves	26	689	689
Retained profits	27	6,872	6,826
Total equity		13,199	12,958

The accompanying notes form part of these financial statements.

Statement of cash flows
For the year ended 30 June 2002

	Notes	30 June 2002 $m	30 June 2001 $m
Cash flows related to operating activities			
Receipts from customers		21	184
Payments to suppliers and employees		(499)	(530)
Dividends received		804	3,474
Interest received		1,176	1,439
Borrowing costs		(653)	(751)
Income taxes refunded		130	5
HBI Venezuela guarantee payment		-	(615)
Other		159	142
Net operating cash flows	29(b)	1,138	3,348
Cash flows relating to investing activities			
Purchase of property, plant and equipment		(2)	(637)
Proceeds from sale of property, plant and equipment		20	47
Proceeds from sale of investments		-	8
Proceeds from OneSteel spin-out		-	575
Proceeds from sale or partial sale of controlled entities and joint venture interests net of their cash		126	523
Net investing cash flows		144	516
Cash flows related to financing activities			
Proceeds from the issue of equity securities		264	82
Payments relating to ESP cessation		(263)	-
Dividends paid		(900)	(888)
Net financing of controlled entities		(254)	(3,026)
Buyback of shares		(36)	-
Other		(21)	(22)
Net financing cash flows		(1,210)	(3,854)
Net increase in cash held		72	10
Cash at the beginning of the year	29(a)	7	(3)
Cash at the end of the year	29(a)	79	7

The accompanying notes form part of these financial statements.

Note 1. Statement of significant accounting policies:

Basis of accounting

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act 2001 ("the Act"), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus views.

Pursuant to Section 340 of the Act, the Australian and Securities Investment Commission issued an order dated 2 September 2002 that granted relief from the requirement under the Act to distribute single entity financial statements to those members who request a full financial report. The order requires the accounts to be available on the Company's website and to be available to members by request free of charge.

Accounting policies are consistent with those adopted in the prior year except for:

Changes in accounting policies

Asset impairment tests

With effect from 1 July 2001, asset impairment tests for the BHP Billiton Limited Group are completed using risk-adjusted market-based discount rates (weighted average cost of capital). Previously, an asset's estimated recoverable amount was 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. This policy change had no effect on net profit attributable to members for the year ended 30 June 2002.

The financial statements are drawn up on the basis of historical cost principles.

Currency of presentation

All amounts are expressed in Australian dollars unless otherwise stated.

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 construction or development of assets requiring a substantial period of time to prepare for their intended future use. Borrowing costs are capitalised up to the date when the asset is ready for its intended use. The amount of borrowing costs capitalised for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

Foreign currencies

Transactions denominated in foreign currencies are recorded using the exchange rate ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on retranslation are included in net profit.

Note 1. Statement of significant accounting policies (continued):

Sales revenue

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, of an arrangement exists indicating there has been a transfer of title, risks and rewards to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectibility is reasonably assured.

In the majority of sales for most commodities, sales agreements specify that title passes on the bill of lading date which is the date the commodity is delivered to the shipping agent. Revenue is recognised on the bill of lading date.

In cases where the terms of the executed sales agreement allows for an adjustment to the sales price based on a survey (eg. an assay for mineral content) of the goods by the customer, recognition as revenue of a portion of the sales price is deferred at the time of shipment until a final adjustment is determined. Historically these adjustments have been insignificant.

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

BHP Billiton Group companies are generally required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the BHP Billiton Group's environmental policies.

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.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances. Such costs are recognised where environmental contamination as a result of oil and chemical spills, seepage or other contingent events gives rise to a loss which is probable and reliably estimable.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is charged to net profit as incurred.

Note 1. Statement of significant accounting policies (continued):

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.

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. Assets may be reviewed more regularly if an event or change in circumstances indicates that the carrying amount of an asset may not be recoverable. Estimated recoverable amount is determined using expected net cash flows discounted at risk adjusted market-based discount rates (weighted average cost of capital). For the current year the rates applied were between 12.9% and 15.0%. Future cash flows are estimated based on production and sales plans, commodity prices (considering current and historical prices, price trends and related factors), recoverable reserves, operating costs, reclamation costs and planned capital costs. These estimates are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverability of these assets.

Other financial assets

Investments in controlled entities are recorded at cost.

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.

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.

Note 1. Statement of significant accounting policies (continued):

Property, plant and equipment

Valuation in accounts

Property, plant and equipment has been recorded at cost.

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 15.

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 and other items used in producing revenue, at rates based on the following expected useful lives:

Buildings	- Up to 40 years
Plant, machinery	- Up to 30 years and equipment
Capitalised leased assets	- Up to 30 years or life of lease, whichever is shorter
Computer systems	- up to 8 years

The rates are reviewed and reassessed periodically in the light of technical and economic developments. In the case of certain mineral and petroleum assets depreciation is determined by production for the year as a proportion of recoverable reserves.

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.

Intangible assets

Amounts paid for identifiable (patents, trademarks and licenses) 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.

Note 1. Statement of significant accounting policies (continued):

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 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 share awards

The estimated cost of share awards made by the BHP Billiton Group are charged to profit over the period to the date of expected vesting or the performance period, as appropriate. Where shares are acquired in advance of vesting, the cost of these share investments is included within current investments offset by amounts charged to profit relating to those shares. The estimated cost of awards is the market value of shares awarded or the intrinsic value of options awarded, measured at the date of the granting of the award, adjusted to reflect the impact of performance conditions, where applicable.

Financial Instruments

The BHP Billiton 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 realised and unrealised 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.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Revenue from ordinary activities:

	30 June 2002 $m	30 June 2001 $m
Sales revenues:		
Sale of goods (a)	-	142
Total sales revenue	-	142
Other revenue		
Interest from related parties - controlled entities	1,144	1,433
Interest from non related parties	32	6
Dividends from related parties - controlled entities	804	3,474
Proceeds from the sale of non current assets	146	1,117
Management fees	209	189
Other income	6	4
Total other revenue	2,341	6,223
Total revenue	2,341	6,365

(a) Cost of goods sold for BHP Billiton Limited was nil (2001 - $117 million).

Note 3. Expenses from ordinary activities, excluding depreciation and borrowing costs:

	30 June 2002 $m	30 June 2001 $m
Employee benefits expense	212	209
Raw materials and consumables used	-	20
Changes in inventories of finished goods and work in progress	16	89
Net book value of non-current assets sold	91	1,261
Diminution in the value of non-current assets	137	454
Services	241	-
Utilities	1	-
Foreign exchange variations	5	-
Other expenses from ordinary activities	54	1,042
Total expenses from ordinary activities, excluding depreciation and borrowing costs	757	3,075

Note 4. Depreciation:

	30 June 2002 $m	30 June 2001 $m
Depreciation relates to:		
Buildings	2	12
Plant, machinery and equipment	6	20
Total depreciation	8	32

Note 5. Borrowing costs:

	30 June 2002 $m	30 June 2001 $m
Borrowing costs paid or due and payable on:		
Interest bearing liabilities - controlled entities	643	749
Interest bearing liabilities - other	10	2
Borrowing costs charged against profit from ordinary activities	653	751

Note 6. Profit and loss items:

	30 June 2002 $m	30 June 2001 $m
Net profit from ordinary activities is after charging / (crediting) the following items:		
Group centre, general and administrative expenses	-	191
Profits from sale of		
investments	(67)	(16)
property, plant and equipment	(2)	(9)
Losses from sale of		
investments	14	10
property, plant and equipment	15	159
Diminution in the value of		
investments	122	454
property, plant and equipment (excluding depreciation)	15	7
Net foreign exchange loss	5	1
Net movement in provision for doubtful debts	(23)	(15)
Operating lease rentals	23	22
Material transfers to provision for		
employee benefits	149	10
restructuring	11	51

Note 7. Significant items:

Details in respect of this Note are set out in Note 2 "Significant Items" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 8. Income tax:

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	30 June 2002 $m	30 June 2001 $m
Profit from ordinary activities	923	2,507
Prima facie tax expense thereon at 30% (2001: 34%)	277	852
deduct tax effect of:		
Rebate for dividends	241	979
Amounts over provided for in prior years	22	6
Tax free gain on intercompany transfers	16	-
Intercompany capital tax loss transfers	108	-
	(110)	(133)
add/(deduct) tax effect of:		
Non-deductible finance costs	-	63
Investment write-off	37	-
Foreign exchange/other	23	52
Income tax benefit attributable to profit from ordinary activities	(50)	(18)

Note 9. Dividends:

	30 June 2002 $m	30 June 2001 $m
Dividends declared	425	466
Dividends paid	466	446
Total dividends paid/payable	891	912

Further details in respect of this Note are set out in Note 11 "Dividends" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 10. Receivables (current):

	30 June 2002 $m	30 June 2001 $m
Trade receivables:		
Related parties - controlled entities	-	14
Non related parties	-	8
Provision for doubtful debts	-	(1)
Total trade receivables	-	21
Sundry receivables:		
Related parties - controlled entities	29,846	21,063
Employee share plan loans	125	14
Non related parties	73	40
Provision for doubtful debts	-	(22)
Total sundry receivables	30,044	21,095
Total current receivables	30,044	21,116

Note 11. Inventories (current):

	30 June 2002 $m	30 June 2001 $m
Finished goods		
At cost	-	16
	-	16
Total current inventories		
At cost	-	16
	-	16

Note 12. Other assets (current):

	30 June 2002 $m	30 June 2001 $m
Deferred charges and prepayments	1	1
Total current other assets	1	1

Note 13. Receivables (non-current):

	30 June 2002 $m	30 June 2001 $m
Sundry receivables:		
Related parties - controlled entities	1,945	3,340
Employee share plan loans (a)	107	34
Non related parties	44	24
Total sundry receivables	2,096	3,398
Total non-current receivables	2,096	3,398

(a) The value of Employee Share Plan loans at 30 June 2001 would have been $279 million higher but for the sale of such loans.

Note 14. Other financial assets (non-current):

	30 June 2002 $m	30 June 2001 $m
Securities not quoted on prescribed stock exchanges:		
Shares in controlled entities	19,525	18,832
Total other non-current financial assets	19,525	18,832

Note 15. Property, plant and equipment:

	30 June 2002 $m	30 June 2001 $m
Land and buildings:		
At cost	47	54
Accumulated depreciation	(30)	(28)
Total land and buildings (a)	17	26
Plant, machinery and equipment:		
At cost	93	141
Accumulated depreciation	(76)	(95)
Total plant, machinery and equipment	17	46
Total property, plant and equipment	34	72

Note 15. Property, plant and equipment (continued):

	30 June 2002 $m	30 June 2001 $m
Land and buildings:		
Balance at the beginning of the year	26	74
Depreciation	(2)	(12)
Net disposals of land and buildings	-	(29)
Amounts written off	(7)	(6)
Exchange variations and other movements	-	(1)
Balance at the end of the year	17	26
Plant, machinery and equipment:		
Balance at the beginning of the year	46	642
Capital expenditure	2	29
Depreciation	(6)	(20)
Net disposals of plant, machinery and equipment	(17)	(549)
Amounts written off	(8)	(1)
Exchange variations and other movements	-	(55)
Balance at the end of the year	17	46
Exploration, evaluation and development expenditures carried forward:		
Balance at the beginning of the year	-	14
Net disposals of exploration expenditures	-	(14)
Balance at the end of the year	-	-

(a) Current value of land and buildings. The current value of land is $8m (2001 - $15m), and buildings is $14m (2001 - $15m).

Note 16. Deferred tax assets:

	30 June 2002 $m	30 June 2001 $m
Future income tax benefit - attributable to timing differences	198	210
Total deferred tax assets	198	210

Note 17. Other assets (non-current):

	30 June 2002 $m	30 June 2001 $m
Deferred charges and prepayments	3	3
Total non-current other assets	3	3

Note 18. Payables (current):

	30 June 2002 $m	30 June 2001 $m
Trade creditors:		
Related parties - controlled entities	34	3
Non related parties	9	6
Total trade creditors	43	9
Sundry creditors:		
Related parties - controlled entities	33,014	23,680
Non related parties	143	118
Total sundry creditors	33,157	23,798
Total current payables	33,200	23,807

Note 19. Interest bearing liabilities (current):

	30 June 2002 $m	30 June 2001 $m
Unsecured:		
Bank overdraft	4	-
Total current interest bearing liabilities	4	-

Note 20. Tax liabilities (current):

	30 June 2002 $m	30 June 2001 $m
Income tax payable	96	26
Total tax liabilities	96	26

Note 21. Other provisions (current):

	30 June 2002 $m	30 June 2001 $m
Dividends	445	466
Employee benefits (a)	81	17
Restructuring	179	57
Other	29	56
Total current other provisions	734	596

(a) Refer Note 23

Note 22. Interest bearing liabilities (non-current):

	30 June 2002 $m	30 June 2001 $m
Unsecured:		
Related parties - controlled entities	4,712	6,077
Total non-current interest bearing liabilities	4,712	6,077

Note 23. Other provisions (non-current):

	30 June 2002 $m	30 June 2001 $m
Employee benefits (a)	26	39
Non-executive Directors' retirement benefits	3	2
Restructuring	10	150
Total non-current other provisions	39	191
(a) Aggregate employee benefit liabilities		
Current (refer note 21)	81	17
Non-current	26	39
	107	56

Note 24. Contributed equity:

	30 June 2002 $m	30 June 2001 $m
Paid up		
3,724,893,687 ordinary shares fully paid (2001 - 3,704,256,885)	5,638	5,443
320,000 ordinary shares paid to 71 cents (2001 - 385,000)	-	-
3,205,000 ordinary shares paid to 67 cents (2001 - 3,656,500)	-	-
1 Special Voting Share (2001 - 1)	-	-
Total contributed equity	5,638	5,443

Further details in respect of this Note are set out in Note 30 "Contributed equity and called up share capital" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 25. Employee ownership plans:

Details in respect of this Note are set out in Note 31 "Employee ownership plans" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 26. Reserves:

	30 June 2002 $m	30 June 2001 $m
Asset realisation reserve	62	62
General reserve	627	627
Total reserves	689	689
Movements in the general reserve		
Opening balance	627	527
OneSteel spin-out	-	100
Closing balance	627	627

Note 27. Retained profits:

	30 June 2002 $m	30 June 2001 $m
Retained profits at the beginning of the financial year	6,826	5,213
Dividends provided for or paid	(891)	(912)
Net profit	973	2,525
Share buy-back program (a)	(36)	-
Retained profits at the end of the financial year	6,872	6,826

(a) Further details in respect of the share buy-back program are set out in Note 30 "Contributed equity and called up share capital" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 28. Total equity:

	30 June 2002 $m	30 June 2001 $m
Total equity at the beginning of the financial year	12,958	12,325
Total changes in equity recognised in the statement of financial performance	973	2,525
Transactions with owners		
- contributed equity	195	164
- dividends paid	(891)	(912)
OneSteel spin-out - capital reduction	-	(1,244)
OneSteel spin-out - credited to general reserve	-	100
Share buy-back program	(36)	-
Total equity at the end of the financial year	13,199	12,958

Note 29. Notes to the statement of cash flows:

(a) Reconciliation of cash

	30 June 2002 $m	30 June 2001 $m
Cash assets	83	7
Bank overdraft	(4)	-
Total cash and cash equivalents	79	7

(b) Reconciliation of net cash provided by operating activities to net profit

	30 June 2002 $m	30 June 2001 $m
Net profit	973	2,525
Non-cash income and expense items:		
Depreciation and amortisation	8	32
Net (gains)/losses on sale of assets	(55)	144
Write-down of property, plant and equipment, investments and intangibles	137	461
Changes in assets and liabilities:		
(Increase)/decrease in trade receivables	21	42
(Increase)/decrease in non-trade, sundry and other receivables	(33)	(79)
(Increase)/decrease in inventory	16	177
(Increase)/decrease in deferred tax assets	12	-
(Increase)/decrease in other deferred costs and charges	-	10
(Decrease)/increase in trade creditors	34	15
(Decrease)/increase in non-trade, sundry and other creditors	25	53
(Decrease)/increase in income taxes payable	70	(6)
(Decrease)/increase in deferred tax liabilities	-	(58)
(Decrease)/increase in other provisions and liabilities	(36)	55
Other movements	(34)	(23)
Net cash flow from operating activities	1,138	3,348

(c) Non-cash financing and investing activities

	30 June 2002 $m	30 June 2001 $m
Shares issued - Dividend Investment Plan	-	1
Other - Employee Share Plan loan installments	12	20

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.

Note 30. Commitments for expenditure:

	30 June 2002 $m	30 June 2001 $m
Operating lease expenditure commitments:		
Due not later than one year	21	22
Due later than one year and not later than five years	8	29
	29	51

Note 31. Contingent liabilities:

	30 June 2002 $m	30 June 2001 $m
Contingent liabilities at balance date, not otherwise provided for in these accounts, are categorised as arising from:		
Controlled entities - unsecured	12,504	13,266
Amounts uncalled on shares	-	50
Other unrelated parties	865	2,015
	13,369	15,331

Further details in respect of this Note are set out in Note 39 "Contingent liabilities" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 32. Superannuation commitments:

Details in respect of this Note are set out in Note 41 "Superannuation and pension plan commitments" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 33. Remuneration of auditors:

	30 June 2002 $m	30 June 2001 $m
Amounts received or due and receivable by the auditors and its affiliates of the Company for: (a)		
Auditing of the financial statements	1.415	1.361
Other services	3.247	2.871
Total	4.662	4.232

(a) Effective 27 May 2002, the partnership of Arthur Andersen Australia (AA) was dissolved. Consequently AA resigned as auditors of BHP Billiton Limited and applicable subsidiaries, and the Directors resolved to appoint Ernst & Young as the successor auditor to these entities.

Note 34. Remuneration of Directors and Executive Officers:

Details in respect of this Note are set out in Note 42 "Remuneration of Directors and Executive Officers" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 35. Retirement payments approved in general meeting:

	30 June 2002 $m	30 June 2001 $m
Prescribed benefits in connection with the retirement of Directors approved in general meeting of BHP Billiton Limited		
J C Conde	0.329	-
B C Alberts	0.182	-
	0.511	-

Note 36. Related party disclosures:

(a) Directors and Director-related entities

Disclosures related to Directors and Director-related entities are set out in Note 48 "Related party disclosures" and Note 42 "Remuneration of Directors and Executive Officers" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

(b) Controlled entities

Information related to controlled entities is contained in the following notes:
Note 2 - Revenue from ordinary activities
Note 5 - Borrowing costs
Note 10 - Receivables (current)
Note 13 - Receivables (non-current)
Note 14 - Other financial assets (non-current)
Note 18 - Payables (current)
Note 22 - Interest bearing liabilities (non-current)
Note 31 - Contingent liabilities

Further disclosures related to controlled entities are set out in Note 47 "Major controlled entities" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

(c) BHP Billiton Plc

On 29 June 2001, BHP Limited (now BHP Billiton Limited) and Billiton Plc (now BHP Billiton Plc) concluded a Dual Listed Companies (DLC) merger. For an explanation of the DLC arrangements, refer "Dual Listed Companies Structure and Basis of Preparation of Financial Statements" in the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

Note 37. Subsequent events:

Details of the BHP Steel demerger in July 2002, including the effects of the capital reduction, are set out in Note 3 "Significant events after year end" of the Combined Financial Statements for the year ended 30 June 2002 of BHP Billiton Limited.

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 1 to 21:

(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 as at 30 June 2002 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act (2001); 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

B P Gilbertson
Director

Melbourne
9th day of September 2002

ERNST & YOUNG

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To the members of BHP Billiton Limited

Scope

We have audited the financial report of BHP Billiton Limited for the financial year ended 30 June 2002, as set out on pages 1 to 22, including the Directors' Declaration. 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 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, 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 financial position and performance as represented by the results of its operations and its cash flows.

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 financial position as at 30 June 2002 and its performance for the year ended on that date; and

 (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst + Young

Ernst & Young

G A Hounsell

Partner
Melbourne

9th day of September 2002