Part B should be read in Conjunction with Part A

Index to consolidated financial statements

BHP Billiton Group

Annual Financial Statements for the Three years ended 30 June 2002 (excluding the Consolidated Balance Sheet for the year ended 30 June 2000)

BHP Billiton Group

Unaudited Interim Financial Information for the Two half years ended 31 December 2002 and 2001

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BHP Billiton Group

Annual Financial Statements

30 June 2002

Report of Independent Accountants

To the Members of BHP Billiton Plc and BHP Billiton Limited:

We have audited the accompanying consolidated balance sheet of the BHP Billiton Group (comprising BHP Billiton Plc, BHP Billiton Limited and their respective subsidiaries) as of June 30, 2002 and the related consolidated statements of profit and loss, total recognised gains and losses and of cash flows for the year ended June 30, 2002. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the BHP Billiton Group at June 30, 2002, and the results of its operations and its cash flows for the year ended June 30, 2002 in conformity with accounting principles generally accepted in the United Kingdom.

As discussed in the accounting policies, the Group changed its method of accounting for foreign exchange gains and losses on site restoration provisions.

Generally accepted accounting principles in the United Kingdom vary in certain significant respects from generally accepted accounting principles in the United States of America. Application of generally accepted accounting principles in the United States of America would have affected the financial position of BHP Billiton Group at June 30, 2002, and the results of its operations and its cash flows for the year ended June 30, 2002 to the extent summarised in Note 35 – US Generally Accepted Accounting Principles (as restated – refer note 35(Y)) – to the consolidated financial statements.

/s/ KPMG Audit Plc
KPMG Audit Plc
London
October 24, 2002 (except for notes 32 and note 35, for which the date is March 20, 2003)

/s/ KPMG
KPMG
Melbourne
October 24, 2002 (except for notes 32 and note 35, for which the date is March 20, 2003)

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers
London
October 24, 2002 (except for notes 32 and note 35, for which the date is March 20, 2003)

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers
Melbourne
October 24, 2002 (except for notes 32 and note 35, for which the date is March 20, 2003)

Report of Independent Accountants

To the Members of BHP Billiton Plc and BHP Billiton Limited:

We have audited the accompanying consolidated balance sheet of the BHP Billiton Group as of June 30, 2001 and the related consolidated statements of profit and loss, total recognised gains and losses and cash flows for each of the two years in the period ended June 30, 2001. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of BHP Billiton Limited, which statements reflect total assets of A$29,187 million and A$29,344 million as of June 30, 2001 and June 30, 2000, respectively, and total revenues of A$22,479 million and A$21,924 million for each of the two years in the period ended June 30, 2001, which financial statements were prepared in accordance with Australian generally accepted accounting principles . Those statements were audited by other auditors, who have ceased operations, whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for BHP Billiton Limited, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts (including the conversion of the financial statements of BHP Billiton Limited to generally accepted accounting principles in the United Kingdom) and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BHP Billiton Group at June 30, 2001, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2001 in conformity with accounting principles generally accepted in the United Kingdom.

As stated in the accounting policies, on June 29, 2001 BHP Billiton Limited entered into a business combination with BHP Billiton Plc. The accompanying financial statements give retroactive effect to the merger of BHP Billiton Limited and BHP Billiton Plc and their respective subsidiaries (together "the BHP Billiton Group").

Generally accepted accounting principles in the United Kingdom vary in certain significant respects from generally accepted accounting principles in the United States of America. Application of generally accepted accounting principles in the United States of America ("U.S. GAAP") would have affected the financial position of BHP Billiton Group at June 30, 2001, and the results of its operations for each of the two years in the period ended June 30, 2001 to the extent summarised in Note 35 to the consolidated financial statements. As discussed in note 35(T), the BHP Billiton Group changed its method of accounting for the costs associated with completion of the spin-off of OneSteel Limited and restated the U.S. GAAP information for 2001. The report of the other auditors, who have ceased operations, also includes an explanatory paragraph on this matter.

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers
London
September 3, 2001 (except Note 35 as to which the date is March 22, 2002)

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 and 30 June 2000 as set out on pages. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at 30 June 2001 and 30 June 2000 or from time to time during the financial years. 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 30 June 2000 and of their performance for the years ended on those dates; 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. As explained in note 50, BHP Billiton Limited has given retroactive effect to the change in accounting for spin-off costs incurred in the spin-off of subsidiary companies.

/s/ Arthur Andersen
Arthur Andersen - Chartered Accountants

/s/ G A Hounsell
G A Hounsell – Partner

Dated at Melbourne this 3rd day of September 2001 (except with respect to the revision to note 50, as to which the date is the 22nd day of March 2002).

This audit report is a copy of the previously issued Arthur Andersen independent audit report and has not been reissued by Arthur Andersen. The financial report for BHP Billiton Limited for the year ended 30 June 2001 and 2000 prepared in accordance with Australian GAAP is not included separately in this filing.

Annual Financial Statements

Notes to Financial Statements

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

Consolidated Profit and Loss Account

for the years ended 30 June

		2002			2001			2000		
		Excluding exceptional items	**Exceptional items (note 2)**	**Including exceptional items**	Excluding exceptional items	Exceptional items (note 2)	Including exceptional items	Excluding exceptional items	Exceptional items (note 2)	Including exceptional items
	Notes	**US$M**	**US$M**	**US$M**	US$M	US$M	US$M	US$M	US$M	US$M
Turnover (including share of joint ventures and associates)	4,5	**17 778**	**–**	**17 778**	19 079	–	19 079	18 402	–	18 402
less Share of joint ventures' and associates' turnover included above	4,5	**(1 872)**	**–**	**(1 872)**	(1 290)	–	(1 290)	(987)	–	(987)
Group turnover	4,5	**15 906**	**–**	**15 906**	17 789	–	17 789	17 415	–	17 415
Continuing operations		**13 562**	**–**	**13 562**	14 771	–	14 771	12 744	–	12 744
Discontinued operations	3	**2 344**	**–**	**2 344**	3 018	–	3 018	4 671	–	4 671
Net operating costs (a)	7	**(13 192)**	**(111)**	**(13 303)**	(14 551)	(60)	(14 611)	(14 777)	(695)	(15 472)
Group operating profit/(loss)		**2 714**	**(111)**	**2 603**	3 238	(60)	3 178	2 638	(695)	1 943
Continuing operations		**2 655**	**(111)**	**2 544**	3 005	(38)	2 967	2 274	(695)	1 579
Discontinued operations	3	**59**	**–**	**59**	233	(22)	211	364	–	364
Share of operating profit/(loss) of joint ventures and associates (b)		**340**	**–**	**340**	281	(634)	(353)	239	–	239
Operating profit/(loss) (including share of profit of joint ventures and associates)		**3 054**	**(111)**	**2 943**	3 519	(694)	2 825	2 877	(695)	2 182
Continuing operations		**2 984**	**(111)**	**2 873**	3 284	(672)	2 612	2 485	(695)	1 790
Discontinued operations	3	**70**	**–**	**70**	235	(22)	213	392	–	392
Income from other fixed asset investments										
Continuing operations		**37**	**–**	**37**	28	–	28	17	–	17
Discontinued operations	3	**1**	**–**	**1**	4	–	4	3	–	3
Profit on sale of fixed assets										
Continuing operations		**13**	**–**	**13**	71	128	199	123	–	123
Discontinued operations	3	**15**	**–**	**15**	1	–	1	1	–	1
Profit/(loss) on sale of subsidiaries										
Continuing operations		**68**	**–**	**68**	4	–	4	6	131	137
Discontinued operations	3	**–**	**–**	**–**	–	–	–	–	(135)	(135)
Loss on termination of operations										
Continuing operations (c)		**–**	**(101)**	**(101)**	–	(430)	(430)	–	–	–
Costs of fundamental reorganisation										
Continuing operations		**–**	**–**	**–**	–	–	–	–	(43)	(43)
Discontinued operations	3	**–**	**–**	**–**	–	–	–	–	(18)	(18)
Merger transaction costs										
Continuing operations		**–**	**–**	**–**	–	(92)	(92)	–	–	–
Net interest and similar items payable										
Group	8	**(212)**	**–**	**(212)**	(407)	(6)	(413)	(446)	–	(446)
Joint ventures and associates	8	**(37)**	**–**	**(37)**	(63)	–	(63)	(43)	–	(43)
Profit before taxation	4,5	**2 939**	**(212)**	**2 727**	3 157	(1 094)	2 063	2 538	(760)	1 778
Taxation	10	**(958)**	**(32)**	**(990)**	(943)	132	(811)	(774)	523	(251)
Profit after taxation		**1 981**	**(244)**	**1 737**	2 214	(962)	1 252	1 764	(237)	1 527
Equity minority interests		**(47)**	**–**	**(47)**	(25)	302	277	(21)	–	(21)
Profit for the financial year (attributable profit)		**1 934**	**(244)**	**1 690**	2 189	(660)	1 529	1 743	(237)	1 506

Consolidated Profit and Loss Account continued

for the years ended 30 June

		2002			2001			2000		
		Excluding exceptional items	**Exceptional items (note 2)**	**Including exceptional items**	Excluding exceptional items	Exceptional items (note 2)	Including exceptional items	Excluding exceptional items	Exceptional items (note 2)	Including exceptional items
	Notes	**US$M**	**US$M**	**US$M**	US$M	US$M	US$M	US$M	US$M	US$M
Profit for the financial year (attributable profit)		**1 934**	**(244)**	**1 690**	2 189	(660)	1 529	1 743	(237)	1 506
Dividends to shareholders	11	**(784)**	**–**	**(784)**	(754)	–	(754)	(788)	–	(788)
Retained profit for the financial year	24	**1 150**	**(244)**	**906**	1 435	(660)	775	955	(237)	718
Earnings per ordinary share (basic) (US cents) (e)	12	**32**	**(4)**	**28**	37	(11)	26	30	(4)	26
Earnings per ordinary share (diluted) (US cents) (e)	12	**32**	**(4)**	**28**	37	(11)	26	30	(4)	26
Dividend per ordinary share	11									
BHP Billiton Plc (US cents)				**13.00**			12.00			11.25
BHP Billiton Limited (US cents)				**13.00**						
BHP Billiton Limited (Australian cents) (d)							24.70			24.70

(a) In the year ended 30 June 2000, the exceptional operating costs relate to the impairment of HBI Western Australia.
(b) In the year ended 30 June 2001, the exceptional share of operating losses of joint ventures and associates includes the impairment of HBI Venezuela (US$520 million).
(c) In the year ended 30 June 2001, the exceptional loss on termination of operations relates to the Ok Tedi copper mine.
(d) The BHP Billiton Limited dividends for the years ended 30 June 2001 and 2000 were declared in Australian cents. The amounts shown above are adjusted for the BHP Billiton Limited bonus issue effective 29 June 2001.
(e) Whilst the presentation of earnings per share excluding exceptional items is acceptable under UK GAAP, this presentation is not permitted under US GAAP. Profit and earnings per share before exceptional items are not measures of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP as a measurement of the BHP Billiton Group's profitability or liquidity. All registrants do not calculate profit and earnings per share before exceptional items in the same manner, and accordingly, profit and earnings per share before exceptional items may not be comparable with other registrants. Refer to note 2 for details of exceptional items excluded and to note 12 for details of the calculations.

The accompanying notes form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses
for the years ended 30 June

	Group			Joint ventures and associates (a)			Total		
	2002 US$M	2001 US$M	2000 US$M	**2002 US$M**	2001 US$M	2000 US$M	**2002 US$M**	2001 US$M	2000 US$M
Attributable profit for the financial year	**1 465**	1 964	1 367	**225**	(435)	139	**1 690**	1 529	1 506
Exchange gains and losses on foreign currency net investments (b)	**25**	(712)	(469)	**–**	(51)	(33)	**25**	(763)	(502)
Total recognised gains/(losses) for the year	**1 490**	1 252	898	**225**	(486)	106	**1 715**	766	1 004

(a) Included in joint ventures' and associates' attributable profit is a profit of US$26 million (2001: US$12 million; 2000: US$nil) relating to associated companies.
(b) Exchange gains and losses on foreign currency net investments include net exchange gains/(losses) on foreign currency borrowings, which hedge overseas investments, of US$10 million (2001: US$(90) million; 2000: US$(95) million) and associated tax expense/(benefit) of US$3 million (2001: US$(40) million; 2000: US$(40) million).

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet
at 30 June

	Notes	**2002 US$M**	2001 US$M
Fixed assets			
Intangible assets			
Goodwill	13	**42**	95
Negative goodwill	13	**(33)**	(36)
		9	59
Tangible assets	14	**20 179**	19 231
Investments			
Joint ventures – share of gross assets		**2 902**	2 816
Joint ventures – share of gross liabilities		**(1 434)**	(1 805)
	15	**1 468**	1 011
Associates	15	**85**	58
Loans to joint ventures and associates and other investments	15	**987**	911
		22 728	21 270
Current assets			
Stocks	16	**1 457**	1 675
Debtors			
Amounts due within one year	17	**2 554**	2 547
Amounts due after one year	17	**1 197**	1 036
	17	**3 751**	3 583
Investments	18	**117**	215
Cash including money market deposits	29	**1 499**	1 285
		6 824	6 758
Creditors – amounts falling due within one year	19	**(6 229)**	(5 235)
Net current assets		**595**	1 523
Total assets less current liabilities		**23 323**	22 793
Creditors – amounts falling due after more than one year	20	**(5 987)**	(7 054)
Provisions for liabilities and charges	21	**(4 654)**	(4 019)
Net assets		**12 682**	11 720
Equity minority interests		**(326)**	(380)
Attributable net assets		**12 356**	11 340
Capital and reserves			
Called up share capital – BHP Billiton Plc (nominal value US$0.50 each; 3 000 000 000 authorised; 680 852 115 unissued)	22	**1 160**	1 160
Share premium account	24	**592**	592
Contributed equity – BHP Billiton Limited	22	**3 143**	3 039
Profit and loss account	24	**7 461**	6 549
Equity shareholders' funds	25	**12 356**	11 340
Commitments, Contingent Liabilities	27, 32		

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the years ended 30 June

	2002 US$M	2001 US$M	2000 US$M
Net cash inflow from Group operating activities (a)	**4 641**	4 805	4 444
Dividends received from joint ventures and associates	**149**	154	127
Interest paid	**(496)**	(587)	(699)
Dividends paid on redeemable preference shares	**(35)**	(69)	(47)
Interest received	**156**	132	95
Other dividends received	**38**	39	23
Dividends paid to minorities	**(20)**	(50)	(34)
Net cash outflow from returns on investments and servicing of finance	**(357)**	(535)	(662)
Taxes paid	**(606)**	(587)	(532)
Refund of taxes paid	**91**	–	–
Taxation	**(515)**	(587)	(532)
Available cash flow	**3 918**	3 837	3 377
Purchases of tangible fixed assets	**(2 481)**	(3 038)	(1 483)
Exploration expenditure	**(390)**	(341)	(261)
Disposals of tangible fixed assets	**200**	339	482
Purchase of investments and funding of joint ventures	**(182)**	(677)	(282)
Sale of investments and repayments by joint ventures	**232**	82	165
Net cash outflow from capital expenditure and financial investment	**(2 621)**	(3 635)	(1 379)
Investment in subsidiaries	**(45)**	(1 567)	(8)
Sale of subsidiaries	**190**	372	483
Net cash acquired with subsidiary	**–**	117	–
Cash transferred on disposal	**(45)**	(61)	(25)
Investment in joint ventures	**(208)**	(482)	–
Disposal of joint venture	**70**	193	8
Net cash (outflow)/inflow for acquisitions and disposals	**(38)**	(1 428)	458
Equity dividends paid	**(811)**	(751)	(361)
Net cash flow before management of liquid resources and financing	**448**	(1 977)	2 095
Net cash inflow/(outflow) from management of liquid resources	**157**	242	(252)
Redeemable preference shares	**(423)**	(425)	(484)
Finance lease obligations	**(28)**	(4)	(35)
Debt due within one year – repayment of loans	**(1 344)**	(668)	(416)
Debt due within one year – drawdowns	**1 657**	849	396
Debt due after one year – repayment of loans	**(2 722)**	(998)	(2 473)
Debt due after one year – drawdowns	**2 318**	2 072	1 363
Net cash (outflow)/inflow from debt and finance leases	**(542)**	826	(1 649)
Share repurchase scheme – BHP Billiton Plc	**–**	194	(2)
Share buy-back scheme – BHP Billiton Limited	**(19)**	–	–
Issue of shares	**104**	743	134
Net cash (outflow)/inflow from financing	**(457)**	1 763	(1 517)
Increase in cash in the year	**148**	28	326

Consolidated Statement of Cash Flows continued
for the years ended 30 June

	Notes	**2002 US$M**	2001 US$M	2000 US$M
Reconciliation of net cash flow to movement in net debt				
Increase in cash in the year		**148**	28	326
Cash flow from debt and finance leases		**542**	(826)	1 649
Cash flow from management of liquid resources		**(157)**	(242)	252
Decrease/(increase)in net debt arising from cash flows		**533**	(1 040)	2 227
Increase in debt from acquisition and disposal of subsidiaries	29	**–**	(665)	–
Other non-cash movements	29	**–**	–	7
(Increase)/decrease in debt from exchange adjustments	29	**(34)**	476	489
Decrease/(increase) in net debt		**499**	(1 229)	2 723
Net debt at beginning of year	29	**(7 321)**	(6 092)	(8 815)
Net debt at end of year	29	**(6 822)**	(7 321)	(6 092)

(a) Net cash inflow from Group operating activities

	2002 US$M	2001 US$M	2000 US$M
Operating profit	**2 603**	3 178	1 943
Proceeds from gas sales contract renegotiation	**–**	–	146
Merger transaction costs	**–**	(92)	–
Payments relating to HBI Venezuela guarantee	**–**	(310)	–
Depreciation and amortisation	**1 727**	1 672	1 748
Impairment of assets	**119**	34	695
Employee share awards	**28**	46	10
Net exploration charge	**243**	250	216
Loss on sale of fixed assets	**–**	21	2
(Increase)/decrease in stocks	**(11)**	41	111
(Increase) in debtors	**(346)**	(141)	(16)
Increase/(decrease) in creditors	**292**	115	(144)
(Decrease)/increase in provisions	**(49)**	28	(278)
Other movements	**35**	(37)	11
Net cash inflow from Group operating activities	**4 641**	4 805	4 444

The accompanying notes form part of these financial statements.

Dual Listed Companies Structure and Basis of Preparation of Financial Statements

Merger terms

On 29 June 2001, BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, and BHP Billiton Limited (previously known as BHP Limited), an Australian listed company, entered into a Dual Listed Companies (DLC) merger. This was effected by contractual arrangements between the companies and amendments to their constitutional documents.

The effect of the DLC merger is that BHP Billiton Plc and its subsidiaries (the BHP Billiton Plc Group) and BHP Billiton Limited and its subsidiaries (the BHP Billiton Limited Group) operate together as a single economic entity (the BHP Billiton Group), with neither assuming a dominant role. Under the arrangements:

- The shareholders of BHP Billiton Plc and BHP Billiton Limited have a common economic interest in both groups;
- The shareholders of BHP Billiton Plc and BHP Billiton Limited take key decisions, including the election of Directors, through a joint electoral procedure under which the shareholders of the two companies effectively vote on a joint basis;
- BHP Billiton Plc and BHP Billiton Limited have a common Board of Directors, a unified management structure and joint objectives;
- Dividends and capital distributions made by the two companies are equalised; and
- BHP Billiton Plc and BHP Billiton Limited each executed a deed poll guarantee, guaranteeing (subject to certain exceptions) the contractual obligations (whether actual or contingent, primary or secondary) of the other incurred after 29 June 2001 together with specified obligations existing at that date.

If either BHP Billiton Plc or BHP Billiton Limited proposes to pay a dividend to its shareholders, then the other Company must pay a matching cash dividend of an equivalent amount per share to its shareholders. If either Company is prohibited by law or is otherwise unable to declare, pay or otherwise make all or any portion of such a matching dividend, then BHP Billiton Plc or BHP Billiton Limited will, so far as it is practicable to do so, enter into such transactions with each other as the Boards agree to be necessary or desirable so as to enable both Companies to pay dividends as nearly as practicable at the same time.

The DLC merger did not involve the change of legal ownership of any assets of BHP Billiton Plc or BHP Billiton Limited, any change of ownership of any existing shares or securities of BHP Billiton Plc or BHP Billiton Limited, the issue of any shares or securities or any payment by way of consideration, save for the issue by each Company of one special voting share to a trustee company which is the means by which the joint electoral procedure is operated. In addition, to achieve a position where the economic and voting interests of one share in BHP Billiton Plc and one share in BHP Billiton Limited were identical, BHP Billiton Limited made a bonus issue of ordinary shares to the holders of its ordinary shares.

Treatment of the DLC merger for accounting purposes

Under UK generally accepted accounting principles (GAAP), the DLC merger is treated as a business combination because a single economic entity has been formed, even though BHP Billiton Plc and BHP Billiton Limited remain separate legal entities. The consolidated financial statements of BHP Billiton Plc therefore include those of BHP Billiton Limited and its subsidiary companies in accordance with the requirements of s227(5) of the Companies Act 1985.

The DLC merger is accounted for using the merger method of accounting in accordance with UK accounting standards. The nature of the DLC merger has resulted in the inclusion of amounts attributable to the shareholders of both BHP Billiton Plc and BHP Billiton Limited in capital and reserves on the balance sheet, and in attributable profit.

Dual Listed Companies Structure and Basis of Preparation of Financial Statements continued

The substance of the DLC merger of BHP Billiton Plc and BHP Billiton Limited required that merger accounting was applied in accounting for the combination. This is because:

- No party has ever been portrayed as either the acquirer or the acquired, either by its own Board or management during the process;
- All the parties to the combination clearly participated, on a consensual basis, in establishing the management structure of and key positions in the combined entity;
- Neither party dominates the other and this has been borne out in practice since the merger;
- Consideration was wholly equity shares in the BHP Billiton Group; and
- Neither set of shareholders retained an interest in the future performance of only part of the combined Group.

Subsequent events continue to bear this out:

- The initiation and continuation of the combined 'BHP Billiton' name, logo and trademarks as the approved nomenclature of the merged Group;
- The creation of a new Customer Sector Group segment structure within the BHP Billiton Group reflecting a new approach to management of customer-based groupings of assets, which reflects neither the previous approach of the BHP Billiton Plc Group or the BHP Billiton Limited Group;
- Continuing Board rationalisation reflecting the equivalence of importance of each party to the merger; and
- No wholesale sale of assets from either side of the business with those assets combined at the time of the merger continuing to be the assets that underpin the BHP Billiton Group presently.

At the date of the merger, the interests of the shareholders of BHP Billiton Plc and BHP Billiton Limited in the BHP Billiton Group was 38.6 per cent and 61.4 per cent respectively. Whilst this might indicate that BHP Billiton Limited would dominate the BHP Billiton Group, BHP Billiton rebuts the UK GAAP presumption of dominance on the grounds that the initial composition of the Board and the formally constituted Committees of the Board indicated that BHP Billiton Plc had a greater degree of influence than its proportion of voting rights would demand, and the Nominations Committee (which comprises two legacy BHP Billiton Limited Directors and two legacy BHP Billiton Plc Directors) effectively blocks the ability of the legacy BHP Billiton Limited Directors to alter the balance of legacy BHP Billiton Limited and BHP Billiton Plc Directors on the Board of the merged Group at the expense of BHP Billiton Plc.

The Board is of the view that there has clearly been no dominance (or attempts to exert a dominant influence) in practice since the announcement of the merger. Actions since the merger continue to support the view that the substance of the transaction was that of a merger.

BHP Billiton Limited's plans for the business now referred to as BHP Steel were part of a strategy for its entire steel business. This had prior to the DLC merger included the spin-out of another part of the steel business, this was OneSteel (in October 2000), and the closure of a major steel works in Australia (in September 1999). BHP Billiton, in making the announcement about its plans for the demerger, did not make this a condition of merger nor was it a related arrangement. The shareholders of BHP Billiton Limited and BHP Billiton Plc were not asked to vote on the BHP Steel demerger at the time of the votes on the DLC merger. This demerger transaction was some way off at the time of merger and was conditional on shareholder votes by both BHP Billiton Limited and BHP Billiton Plc shareholders and the approval by the courts in Australia.

The demerger resulted in the shareholders of both BHP Billiton Plc and BHP Billiton Limited receiving their share of the value of BHP Steel upon demerger (albeit that the shareholders of BHP Billiton Plc received this in the form of a greater share of the remaining BHP Billiton Group and BHP Billiton Limited shareholders received it in the form of shares in BHP Steel). Both shareholder groups enjoyed the economic benefits of ownership of BHP Steel from the consummation of the merger to the date of demerger.

Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention (except as discussed under tangible fixed assets below) and in accordance with applicable UK accounting standards and the United Kingdom Companies Act 1985, except as described in the accounting policies note on foreign currencies and in note 25 which explains the accounting treatment of the cost of purchasing BHP Billiton Plc's own shares. The financial statements reflect the results and financial position of BHP Billiton Plc, BHP Billiton Limited and their respective subsidiaries. Subsidiaries are entities controlled by either parent entity. Control generally exists where the parent owns a majority of voting rights in the subsidiary. Where the BHP Billiton Group's interest is less than 100 per cent, the share attributable to outside shareholders is reflected in minority interests. The accounting policies have been applied consistently in the preparation of the financial statements with those applied in the prior two years except for:

(a) Application of new accounting standards

The BHP Billiton Group has adopted the transitional provisions of FRS 17 'Retirement Benefits'.
In accordance with the transitional arrangements under FRS 17 full implementation is only required for accounting periods ending after 22 June 2003 (although the UK Accounting Standards Board has announced a proposal to delay full implementation). For the current year only additional disclosures are required.

(b) Change in accounting policy

With effect from 1 July 2001, the BHP Billiton Group has changed its accounting policy regarding the treatment of foreign exchange gains or losses on local currency site restoration provisions held in the accounts of entities using US dollar functional currencies. Under the previous policy, the foreign exchange gains and losses on site restoration provisions were recognised in the profit and loss account. Under the revised policy, such foreign exchange gains and losses are treated as part of the revision to the estimated future restoration cost and are included in the cost of tangible fixed assets. The revised policy has been adopted as it better matches the ultimate cost of site restoration charged in the profit and loss account to the profit earned. The impact in the year ended 30 June 2002 has been the capitalisation to tangible fixed assets of foreign exchange losses of US$40 million. The application of the revised policy to prior periods does not have a material impact on the comparative profit and loss account or balance sheet and no prior period adjustments have been made.

A reconciliation of the major differences between the financial statements prepared under UK generally accepted accounting principles (GAAP) and those applicable under US GAAP is included in note 35.

Currency of presentation

All amounts are expressed in US dollars unless otherwise stated.

Acquisitions, disposals and goodwill

On the acquisition of a business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets and liabilities acquired. On the acquisition of a minority interest in a subsidiary undertaking, attributable fair values are recognised in relation to the relevant proportion of the identifiable separable assets and liabilities of the subsidiary undertaking.

Mineral and petroleum reserves and resources, which can be reliably valued, are recognised in the assessment of fair values on acquisition. Other potential reserves and resources and mineral rights, for which, in the Directors' opinion, values cannot reliably be determined, are not recognised. Accordingly, goodwill arising on acquisition may include amounts in respect of these items.

Accounting Policies continued

Where the fair value of the consideration paid exceeds the fair value of the separable assets and liabilities acquired, the difference is treated as purchased goodwill and any excess of the fair value of the separable assets and liabilities acquired over the fair value of the consideration given is treated as negative goodwill. Goodwill arising on acquisitions since 1 July 1998 is capitalised and amortised over its estimated useful economic life. Currently, useful economic lives range between 17 and 20 years. Negative goodwill arising on acquisitions since 1 July 1998 is capitalised and released to the profit and loss account in proportion to the realisation of the non-monetary assets acquired. Goodwill and negative goodwill arising on acquisitions prior to 1 July 1998 remain set off against reserves.

On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging or crediting the amount of any related goodwill previously taken directly to reserves or the unamortised balance of any goodwill capitalised.

Joint ventures

A joint venture is an entity in which the BHP Billiton Group holds a long-term interest and which is jointly controlled by the BHP Billiton Group and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity. A formal agreement between these venturers is not necessary to create joint control provided that in practice each relevant venturer's consent is required for strategic decisions.

The results of joint ventures are accounted for using the gross equity method of accounting. Under the gross equity method, the cost of the investment in the venture is adjusted by BHP Billiton Group's proportionate share of the results of operations of the venture.

Joint arrangements

The BHP Billiton Group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the entity itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create an entity, such as a joint venture, due to the fact that the policies are those of the participants, not a separate entity carrying on a trade or business of its own.

The financial statements of the BHP Billiton Group include its share of the assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the BHP Billiton Group's interest in the joint arrangement.

Foreign currencies

The BHP Billiton Group's reporting currency is US dollars as this is the dominant currency in which BHP Billiton Group companies operate. For consistency of presentation purposes, the BHP Billiton Limited Group has adopted US dollars as its reporting currency with effect from 1 July 2001.

Transactions denominated in foreign currencies (currencies other than the functional currency of the entity) 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 the consolidated profit and loss account, with the exception of foreign exchange gains or losses on foreign currency provisions for site restoration which are capitalised in tangible fixed assets.

Profit and loss accounts of subsidiaries and joint ventures which have functional currencies other than US dollars are translated to US dollars at average rates for the relevant reporting period, other than material exceptional items which are translated at the rate at the date of the transaction. Assets and liabilities are translated at exchange rates prevailing at the relevant balance sheet date. Exchange variations resulting from the retranslation at closing rate of the net investment in such subsidiaries and joint ventures, together with differences between their profit and loss accounts translated at average and closing rates, are shown as a movement in reserves and in the consolidated statement of total recognised gains and losses. Exchange differences arising on long-term foreign currency borrowings used to finance such investments, together with any related and realised taxation effects, are also shown as a movement in reserves and in the consolidated statement of total recognised gains and losses.

Accounting Policies continued

The inclusion in the profit and loss account of exchange gains and losses on unsettled transactions is required by accounting standards in order to give a true and fair view of the BHP Billiton Group's results. Compliance with accounting standards overrides the requirement of the Companies Act that only profits realised at the balance sheet date be included in the profit and loss account. The effect is disclosed in note 8.

Turnover

Turnover from the sale of goods 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 BHP Billiton Group, 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. For certain sales (principally coal sales to adjoining power stations and diamonds), title passes and revenue is recognised when the goods have been delivered.

In cases where the terms of the executed sales agreement allows for an adjustment to the sales price based on a survey of the goods by the customer (for instance an assay for mineral content), 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.

Exploration, evaluation and development expenditure

In respect of minerals, exploration and evaluation expenditure is charged to the profit and loss account as incurred except in respect of cost centres where:

- It is expected that the expenditure will be recouped by future exploitation or sale; or
- Substantial exploration and evaluation activities have identified a mineral resource but these activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves,

in which case the expenditure is capitalised.

In respect of petroleum, exploration expenditure is accounted for in accordance with the successful efforts method on an area of interest basis. Exploration licence acquisition costs pertaining to new unexplored areas are expensed as incurred, except in the case of established exploration areas which are amortised over the term of the licence. Expenditure on general seismic data and other costs not directly related to a specific area of interest are expensed in the year in which they are incurred. All exploration expenditure is charged against the profit and loss account except, where the expenditure relates to an area of interest and it is expected that the expenditure will be recouped by future exploitation or sale, or, at balance date, exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. Exploratory wells that find oil and gas in an area requiring major capital expenditure before production can begin are continually evaluated to assure that commercial quantities of reserves have been found or that additional exploration work is underway or planned. To the extent it is considered that the relevant expenditure will not be recovered, it is written off. When proved reserves of oil and natural gas are determined and development is sanctioned and completed, the relevant expenditure is amortised on the units of production method.

Deferred overburden removal costs

Stripping ratios are a function of the quantity of ore mined compared with the quantity of overburden, or waste, required to be removed to mine the ore. Deferral of costs to the balance sheet is made, where appropriate, when actual stripping ratios vary from average stripping ratios. Deferral of costs to the balance sheet is not made where ore is expected to be evenly distributed.

Costs, which have previously been deferred to the balance sheet (deferred overburden removal costs), are included in the profit and loss account on a unit of production basis utilising average stripping ratios. Changes in estimates of average stripping ratios are accounted for prospectively from the date of the change.

Accounting Policies continued

As it is not possible to separately identify cash inflows relating to deferred overburden removal costs, such assets are grouped with other assets of an income generating unit for the purposes of undertaking impairment assessments, where necessary, based on future cash flows for the income generating unit as a whole.

Research expenditure

Expenditure for research is included in the profit and loss account 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.

Net interest cost

Net interest cost is generally expensed as incurred except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest 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.

Tangible fixed assets

Valuation

Fixed assets are generally included in the financial statements at historical cost. Prior to the adoption of FRS 15 'Tangible fixed assets', certain fixed assets had been included in the financial statements at revalued amounts. With effect from 1 July 1998, such valuations were frozen and effectively treated as the cost of the fixed asset and no further revaluations made.

Fixed assets are assessed to ensure carrying values do not exceed estimated recoverable amounts.

The carrying value of each income generating unit is reviewed bi-annually to evaluate whether the carrying amount is recoverable. 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. If the asset is determined to be impaired, an impairment loss will be recorded, and the asset written down, based upon the amount by which the asset carrying amount exceeds the higher of net realisable value and value in use. Value in use is generally determined by discounting expected future cash flows using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. For the current year, the rates applied were between 12.9 per cent and 15.0 per cent. 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.

Mineral rights

Mineral rights acquired by the BHP Billiton Group are accounted for at cost with provisions made where impairments in value have occurred. Exploitable mineral rights are capitalised and depreciated over the production life of the asset.

Mineral leases

The BHP Billiton Group's minerals leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves on the leased properties to be mined in accordance with current production schedules.

Accounting Policies continued

Depreciation, depletion and amortisation

The book value of tangible fixed assets (including the original capital expenditure and any subsequent replacement expenditure) is depreciated over the useful economic lives of the specific assets concerned or the life of the mine or lease, if shorter. The major fixed assets are depreciated as follows:

Buildings	25–50 years straight line
Land	Not depreciated
Plant and machinery	Economic useful life (4 to 30 years)
Other mining assets	Over the life of the proven and probable reserves
Petroleum interests	Over the life of the proved developed oil and gas reserves
Leasehold land and buildings	On a straight-line basis over the life of the lease up to a maximum of 50 years
Vehicles	Economic useful life (3 to 5 years)
Computer systems	Up to 8 years

Changes in estimates are accounted for over the estimated remaining economic life or the remaining commercial reserves of each project as applicable.

Other tangible fixed assets

The cost of other tangible fixed assets includes financing and other appropriate direct and indirect costs incurred on major capital projects from the commencement of construction until the start of commercial production.

Leases

Assets held under leases which result in the BHP Billiton Group receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments.

The corresponding finance lease obligation is included within creditors due within or after more than one year. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Rentals paid on operating leases are charged to the profit and loss account on a straight-line basis over the lease term. 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.

Other investments

Fixed asset investments, other than joint ventures and associates, are stated individually at cost less provisions for impairments.

Current asset investments are valued at the lower of cost and net realisable value. In determining net realisable values, market values are used in the case of listed investments and Directors' estimates are used in the case of unlisted investments.

Accounting Policies continued

Stocks

Stocks and 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 is derived on an absorption-costing basis. Cost comprises cost of production, including attributable mining and manufacturing overheads.

Deferred taxation

Corporation tax

Full provision is made for deferred taxation on all timing differences which have arisen but not reversed at the balance sheet date, except as follows:

- Tax payable on the future remittance of the past earnings of subsidiaries, associates and joint ventures is provided only to the extent that dividends have been accrued as receivable or a binding agreement to distribute all past earnings exists;
- Deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions or purchased fixed assets which have subsequently been revalued unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised; and
- Deferred tax assets are recognised only where it is more likely than not that they will be recovered.

Resource rent taxes and royalties

Resource rent taxes and royalties are charges to operating profit; full provision is made for all timing differences which have arisen but not reversed at the balance sheet date except that carried forward resource rent tax benefits are recognised only to the extent that it is more likely than not that they will be recovered.

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 debtors and creditors, including obligations for funding shortfalls, have been recognised.

Pension costs and other post-retirement benefits

The BHP Billiton Group operates or participates in a number of pension schemes throughout the world. The funding of the schemes complies with local regulations. The assets of the schemes are generally held separately from those of the BHP Billiton Group and are administered by trustees or management boards. For schemes of the defined-contribution type or those operated on an industry-wide basis where it is not possible to identify assets attributable to the participation by the BHP Billiton Group's employees, the pension charge is calculated on the basis of contributions payable. For defined benefit schemes, the cost of providing pensions is charged to the profit and loss account so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice.

Certain BHP Billiton Group companies provide post-retirement medical benefits to qualifying pensioners. In some cases the benefits are provided through medical care schemes to which the company, the employees, the retirees and covered family members contribute. In some schemes, there is no funding of the benefits before retirement. For the unfunded schemes and for funded schemes, where it is possible to identify assets that are attributable to current and future retirees of the BHP Billiton Group companies, the cost of providing the post-retirement benefits is charged to the profit and loss account so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice. For other funded schemes the charge to the profit and loss account is calculated on the basis of premiums payable.

Accounting Policies continued

Decommissioning, site restoration and environmental provisions

BHP Billiton Group companies are generally required to restore mine, oil and gas facilities 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 approved decommissioning or restoration program, discounted to its net present value, is provided when the related environmental disturbance occurs, based on the BHP Billiton Group's interpretation of environmental and regulatory requirements and its own environmental policies where these are more onerous. The cost is capitalised where it gives rise to future benefits. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included with interest and similar items. Expected decommissioning and restoration costs are based on the estimated current cost of detailed plans prepared for each site.

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 programs to prevent and control pollution and to rehabilitate the environment is charged to the profit and loss account as incurred.

Employee share awards

The estimated cost of awards made by the BHP Billiton Group is charged to profit over the period to the date of expected vesting or the performance period, as appropriate. Where shares are bought on market to satisfy the delivery of shares on vesting, the cost of these share investments is included within other fixed asset investments less amounts charged to profit relating to those shares. The estimated cost of awards is the market value of shares awarded (in the case of Performance Rights, the Bonus Equity Plan, the Restricted Share Scheme and Co-Investment Plan) or the intrinsic value of options awarded (being the difference between the exercise price and the market price at date of grant, 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 taken to the profit and loss account 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) taken to the profit and loss account 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 debtors and are deferred and included in the settlement of the underlying transaction.

When undertaking strategic financial transactions, all gains and losses are taken to the profit and loss account at the end of each reporting period. The premiums paid on strategic financial transactions are taken to the profit and loss account at the inception of the contract.

presented in US dollars and prepared in accordance with UK GAAP

Accounting Policies continued

Exchange rates

The following exchange rates have been applied in these financial statements.

	2002 Average	2001 Average	2000 Average	**As at 30 June 2002**	As at 30 June 2001
Versus US dollar					
South African rand	**10.03**	7.16	6.34	**10.25**	8.08
Australian dollar	**1.91**	1.87	1.59	**1.77**	1.98
Brazilian real	**2.50**	2.01	1.83	**2.82**	2.30
Chilean peso	**672**	577	523	**698**	632
Colombian peso	**2 487**	2 233	1 957	**2 399**	2 297
Canadian dollar	**1.56**	1.52	1.48	**1.50**	1.52

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.

Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

Notes to Financial Statements

NOTE 1. PRINCIPAL SUBSIDIARIES, JOINT VENTURE, ASSOCIATES AND JOINT ARRANGEMENTS

Subsidiary undertakings

The principal subsidiary undertakings of BHP Billiton Plc and BHP Billiton Limited, none of which are held directly by BHP Billiton Plc are as follows:

			BHP Billiton Group's effective interest	
			30 June	30 June
Name	Country of incorporation	Principal activity	**2002 %**	2001 %
Beswick Pty Ltd	Australia	Investment	**100**	100
BHP Billiton Diamonds Inc	Canada	Diamond mining	**100**	100
BHP Billiton Finance BV	Netherlands	Finance	**100**	100
BHP Billiton Finance Ltd	Australia	Finance	**100**	100
BHP Billiton Finance (USA) Ltd (a)	Australia	Finance	**100**	100
BHP Billiton Iron Ore Pty Ltd	Australia	Management company and iron ore marketing	**100**	100
BHP Billiton Group Operations Pty Ltd	Australia	Administrative services	**100**	100
BHP Billiton Investments (Jersey) Ltd	Jersey	Holding company	**100**	100
BHP Billiton Marketing AG	Switzerland	Marketing and trading	**100**	100
BHP Billiton Minerals Pty Ltd	Australia	Iron ore mining, silver mining	**100**	100
BHP Billiton Petroleum (Angola 21) Inc	Canada	Hydrocarbons exploration	**100**	100
BHP Billiton Petroleum (Australia) Pty Ltd	Australia	Hydrocarbons exploration, development and production	**100**	100
BHP Billiton Petroleum (Bass Strait) Pty Ltd	Australia	Hydrocarbons exploration, development and production	**100**	100
BHP Billiton Petroleum (NWS) Pty Ltd	Australia	Hydrocarbons exploration, development and production	**100**	100
BHP Billiton Petroleum Great Britain Ltd	United Kingdom	Hydrocarbons exploration, development and production	**100**	100
BHP Billiton Petroleum (International Exploration) Pty Ltd	Australia	Hydrocarbons exploration	**100**	100
BHP Billiton Petroleum (Victoria) Pty Ltd	Australia	Hydrocarbons exploration	**100**	100
BHP Billiton SA Ltd	South Africa	Holding and service company	**100**	100
BHP Billiton Services Jersey Ltd	Jersey	Service company	**100**	100
BHP Billiton Shared Business Services Pty Ltd	Australia	Administrative services	**100**	100
BHP Billiton Tintaya SA	Peru	Copper mining	**99.95**	99.95
BHP Billiton Transport and Logistics Pty Ltd	Australia	Transport services	**100**	100
BHP Billiton World Exploration Inc	Canada	Exploration	**100**	100
BHP Coal Pty Ltd	Australia	Holding company and coal mining	**100**	100
BHP Copper Inc	US	Holding company and copper mining	**100**	100
BHP Development Finance Pty Ltd	Australia	Finance	**100**	100
BHP Holdings (USA) Inc	US	Holding company	**100**	100
BHP Minerals Exploration Inc	US	Holding company	**100**	100
BHP Mitsui Coal Pty Ltd	Australia	Holding company and coal mining	**80**	80
BHP Navajo Coal Company	US	Coal mining	**100**	100
BHP Nominees Pty Ltd	Australia	Holding company	**100**	100

presented in US dollars and prepared in accordance with UK GAAP

NOTE 1. PRINCIPAL SUBSIDIARIES, JOINT VENTURE, ASSOCIATES AND JOINT ARRANGEMENTS continued

Name	Country of incorporation	Principal activity	BHP Billiton Group's effective interest 30 June 2002 %	30 June 2001 %
BHP Operations Inc	US	Finance	**75**	75
BHP Petroleum (Pakistan) Pty Ltd	Australia	Hydrocarbon exploration	**100**	100
BHP Queensland Coal Ltd	US	Coal mining	**100**	100
BHP Resources Inc	US	Holding company	**100**	100
BHP Steel (AIS) Pty Ltd (b)	Australia	Iron and steel production and coal mining	**100**	100
BHP Steel Investments Inc (b)	US	Steel production	**100**	100
BHP Steel Ltd (b)	Australia	Rollforming and coating of sheet steel	**100**	100
BHP Steel Malaysia Sdn Bhd (b)	Malaysia	Steel coating	**60**	60
BHP Steel Thailand Ltd (b)	Thailand	Steel coating	**87.5**	87.5
Billiton Aluminium Australia Pty Ltd	Australia	Bauxite mining and alumina refining	**100**	100
Billiton Aluminium South Africa Ltd	South Africa	Aluminium smelting	**100**	100
Billiton Coal Australia Pty Ltd	Australia	Coal mining	**100**	100
Billiton Development BV	Netherlands	Exploration	**100**	100
Billiton Metais SA	Brazil	Alumina refining and aluminium smelting	**100**	100
Cerro Matoso SA	Colombia	Nickel mining and ferro-nickel smelting	**99.8**	99.8
Compania Minera Cerro Colorado Limitada	Chile	Copper mining	**100**	100
Compania Minera Riochilex SA	Chile	Copper exploration	**100**	100
Dia Met Minerals Ltd	Canada	Diamond mining	**100**	89.36
Endeavour Coal Pty Ltd	Australia	Coal mining	**100**	–
Groote Eylandt Mining Co Pty Limited	Australia	Manganese mining	**60**	60
Hamilton Brothers Petroleum Corporation	US	Hydrocarbons exploration, development and production	**100**	100
Illawarra Coal Holdings Pty Ltd	Australia	Coal mining	**100**	100
Ingwe Coal Corporation Limited	South Africa	Coal mining	**100**	100
NAMDInc	US	Holding company and metals distribution	**100**	100
Ok Tedi Mining Ltd	Papua New Guinea	Copper mining	**–**	52
PT Arutmin Indonesia Pty Ltd	Indonesia	Coal mining	**–**	80
PT BHP Steel Indonesia (b)	Indonesia	Steel coating	**74**	74
QNI Pty Ltd	Australia	Nickel refining	**100**	100
QNI Resources Pty Ltd	Australia	Holding company	**100**	100
QNI Metals Pty Ltd	Australia	Holding company	**100**	100
Rio Algom Limited	Canada	Holding company	**100**	100
Samancor Limited	South Africa	Chrome and manganese mining and production	**60**	60
Samancor AG	Switzerland	Marketing	**60**	60
San Juan Coal Company	US	Coal mining	**100**	100
San Juan Transportation Company	US	Coal transportation	**100**	100
Tasmanian Electro Metallurgical Co Pty Ltd	Australia	Manganese alloys	**60**	60
Tasman Steel Holdings Limited (b)	New Zealand	Iron and steel production	**100**	100

The list above only includes those companies which principally affect the profit or net assets of the BHP Billiton Group.

(a) BHP Billiton Finance (USA) Ltd is 100% owned by BHP Billiton Limited. BHP Billiton Limited and BHP Billiton Plc have each fully and unconditionally guaranteed BHP Billiton Finance (USA) Limited's debt securities.

(b) Attributable to discontinued operations. Refer note 3.

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

NOTE 1. PRINCIPAL SUBSIDIARIES, JOINT VENTURE, ASSOCIATES AND JOINT ARRANGEMENTS continued

Joint ventures

The principal joint ventures of the BHP Billiton Group are as follows:

Name	Country of incorporation	Principal activity	BHP Billiton Group's effective interest 30 June 2002 %	BHP Billiton Group's effective interest 30 June 2001 %
Minera Antamina SA	Peru	Copper and zinc mining	**34**	34
Carbones del Cerrejon SA	Colombia	Coal mining	**33**	33
Cerrejon Zona Norte SA	Colombia	Coal mining	**33**	17
Columbus Joint Venture (a)	South Africa	Stainless steel production	**–**	20
Highland Valley Copper	Canada	Copper mining	**34**	34
North Star BHP Steel (b)	US	Steel manufacturing – flat products	**50**	50
Orinoco Iron C.A.	Venezuela	HBI production	**50**	50
Richards Bay Minerals (c)	South Africa	Titanium dioxide and mineral sands	**50**	50
Samarco Mineracao SA	Brazil	Iron ore mining	**50**	50
South Blackwater	Australia	Coal mining	**50**	–
Integris Metals (refer note 26)	US	Metals distribution	**50**	–

(a) During the year the assets of the Columbus Joint Venture were transferred to Columbus Stainless Pty Limited. The Group's effective interest in this business was reduced to 7.2 per cent and is now accounted for as a fixed asset investment.
(b) Attributable to discontinued operations. Refer note 3.
(c) Richards Bay Minerals comprises two legal entities as follows:

Name	Country of incorporation	Principal activity	BHP Billiton Group's effective interest 30 June 2002 %	BHP Billiton Group's effective interest 30 June 2001 %
Tisand (Pty) Limited	South Africa	Mineral sands mining	51	51
Richards Bay Iron and Titanium (Pty) Limited	South Africa	Titanium dioxide, zircon and rutile	49	49

In accordance with the shareholder agreement between the BHP Billiton Group and Rio Tinto (which owns the shares of Tisand (Pty) Limited and Richards Bay Iron and Titanium (Pty) Limited not owned by the BHP Billiton Group), Richards Bay Minerals functions as a single economic entity. The overall profit of Richards Bay Minerals is shared equally between the venturers.

Associates

The principal associates of the BHP Billiton Group are as follows:

Name	Country of incorporation	Principal activity	BHP Billiton Group's effective interest 30 June 2002 %	BHP Billiton Group's effective interest 30 June 2001 %
Minera Alumbrera Limited	Argentina	Copper and gold mining	**25**	25

presented in US dollars and prepared in accordance with UK GAAP

NOTE 1. PRINCIPAL SUBSIDIARIES, JOINT VENTURE, ASSOCIATES AND JOINT ARRANGEMENTS continued

Proportionally included joint arrangements

The principal joint arrangements in which the BHP Billiton Group has an interest and which are proportionally included in the financial statements are as follows:

			BHP Billiton Group's effective interest	
			30 June 2002	30 June 2001
Name	Country of incorporation	Principal activity	**%**	%
Bass Strait	Australia	Hydrocarbons production and exploration	**50**	50
Laminaria	Australia	Hydrocarbons production and exploration	**25-33**	25-33
Griffin	Australia	Hydrocarbons production and exploration	**45**	45
North West Shelf	Australia	Hydrocarbons production and exploration	**8-17**	8-17
Bruce	United Kingdom	Hydrocarbons production and exploration	**16**	16
Keith	United Kingdom	Hydrocarbons production and exploration	**32**	32
Liverpool Bay	United Kingdom	Hydrocarbons production and exploration	**46**	46
Typhoon	US	Hydrocarbons production	**50**	50
West Cameron 76	US	Hydrocarbons exploration	**34**	34-78
Gulf of Mexico	US	Hydrocarbons exploration	**5-100**	5-100
Mamore	Bolivia	Hydrocarbons production	**50**	50
Ohanet	Algeria	Hydrocarbons development	**45**	45
ROD Integrated Development (a)	Algeria	Hydrocarbons development	**38.75**	45
Boukhechba	Algeria	Hydrocarbons exploration	**50**	50
Zamzama	Pakistan	Hydrocarbons exploration and development	**38.5**	48
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**	50
Gregory	Australia	Coal mining	**50**	50
Ekati™	Canada	Diamond mining	**80**	77
Escondida	Chile	Copper mining	**57.5**	57.5
Worsley	Australia	Bauxite mining and alumina refining	**86**	86
Alumar	Brazil	– Alumina refining	**36**	36
		– Aluminium smelting	**46**	46
Billiton Suriname	Suriname	– Bauxite mining	**76**	76
		– Alumina refining	**45**	45
Valesul Aluminio	Brazil	Aluminium smelting	**45.5**	45.5
Mozal	Mozambique	Aluminium smelting	**47**	47
Middelburg Mine	South Africa	Coal mining	**83**	83
Douglas Colliery	South Africa	Coal mining	**83**	83
Richards Bay Coal Terminal	South Africa	Coal exporting	**37**	40
Rietspruit Mine	South Africa	Coal mining	**50**	50
Wallarah Colliery	Australia	Coal mining	**–**	80

(a) Previously shown as Blocks 401a/402a.

NOTE 2. EXCEPTIONAL ITEMS

	Gross 2002 US$M	Tax 2002 US$M	Net 2002 US$M
Exceptional items by category			
Termination of operations			
Write-down in carrying values of assets			
Base Metals			
South West Copper assets (a)	**(171)**	**–**	**(171)**
Reductions in provisions			
Base Metals			
South West Copper closure provisions (a)	**70**	**–**	**70**
	(101)	**–**	**(101)**
Exceptional taxation items			
Group and unallocated items			
Change in UK tax rate on petroleum operations (b)		**(56)**	**(56)**
		(56)	**(56)**
Other exceptional items			
Suspension of operations			
Base Metals			
Charges associated with suspension of Tintaya sulphide operations (c)	**(31)**	**9**	**(22)**
	(31)	**9**	**(22)**
Merger related restructuring costs			
Aluminium	**(4)**	**–**	**(4)**
Base Metals	**(13)**	**1**	**(12)**
Carbon Steel Materials	**(6)**	**1**	**(5)**
Stainless Steel Materials	**(3)**	**–**	**(3)**
Energy Coal	**(5)**	**1**	**(4)**
Diamonds and Specialty Products	**(6)**	**2**	**(4)**
Petroleum	**(4)**	**1**	**(3)**
Group and unallocated items	**(39)**	**9**	**(30)**
	(80)	**15**	**(65)**
Total by category	**(212)**	**(32)**	**(244)**
Exceptional items by Customer Sector Group			
Aluminium	**(4)**	**–**	**(4)**
Base Metals	**(145)**	**10**	**(135)**
Carbon Steel Materials	**(6)**	**1**	**(5)**
Stainless Steel Materials	**(3)**	**–**	**(3)**
Energy Coal	**(5)**	**1**	**(4)**
Diamonds and Specialty Products	**(6)**	**2**	**(4)**
Petroleum	**(4)**	**1**	**(3)**
Group and unallocated items	**(39)**	**(47)**	**(86)**
Total by Customer Sector Group	**(212)**	**(32)**	**(244)**

NOTE 2. EXCEPTIONAL ITEMS continued

	Gross 2001 US$M	Tax 2001 US$M	Net 2001 US$M
Exceptional items by category			
Sale of fixed assets			
Carbon Steel Materials			
Equalisation of Queensland Coal interests (d)	128	–	128
	128	–	128
Termination of operations			
Group and unallocated items			
Ok Tedi copper mine (e)	(430)	14	(416)
	(430)	14	(416)
Merger transaction costs			
Group and unallocated items	(92)	–	(92)
	(92)	–	(92)
Exceptional taxation items			
Group and unallocated items			
Income tax audit (f)		(33)	(33)
		(33)	(33)
Other exceptional items			
Restructuring costs and provisions			
Steel (g)	(22)	7	(15)
Merger related restructuring costs			
Base Metals	(7)	2	(5)
Diamonds and Specialty Products	(7)	1	(6)
Group and unallocated items	(22)	6	(16)
Net interest	(6)	–	(6)
	(64)	16	(48)
Write-down in carrying values of assets and provisions			
Group and unallocated items			
HBI Venezuela (h)	(520)	110	(410)
Energy Coal			
Lakes Mines	(26)	6	(20)
Stainless Steel Materials			
Columbus JV	(114)	30	(84)
	(660)	146	(514)
Sale of expansion rights			
Aluminium			
Mozal II (i)	61	(21)	40
	61	(21)	40

NOTE 2. EXCEPTIONAL ITEMS continued

	Gross 2001 US$M	Tax 2001 US$M	Net 2001 US$M
Exceptional items by category continued			
Employee share awards accelerated by merger			
Aluminium	(8)	2	(6)
Base Metals	(1)	–	(1)
Carbon Steel Materials	(2)	2	–
Stainless Steel Materials	(9)	1	(8)
Energy Coal	(8)	2	(6)
Diamonds and Specialty Products	(6)	2	(4)
Group and unallocated items	(3)	1	(2)
	(37)	10	(27)
Total by category	(1 094)	132	(962)
Exceptional items by Customer Sector Group			
Aluminium	53	(19)	34
Base Metals	(8)	2	(6)
Carbon Steel Materials	126	2	128
Stainless Steel Materials	(123)	31	(92)
Energy Coal	(34)	8	(26)
Diamonds and Specialty Products	(13)	3	(10)
Steel	(22)	7	(15)
Group and unallocated items	(1 067)	98	(969)
Net interest	(6)	–	(6)
Total by Customer Sector Group	(1 094)	132	(962)

	Gross 2000 US$M	Tax 2000 US$M	Net 2000 US$M
Exceptional items by category			
Sale of subsidiaries			
Steel			
US West Coast Steel businesses (g)	(135)	2	(133)
Petroleum			
PNG assets and Bolivia-Brazil pipeline	93	(1)	92
Group and unallocated items			
BHP IT	38	–	38
	(4)	1	(3)
Costs of fundamental reorganisation (j)			
Petroleum	(12)	4	(8)
Steel (g)	(18)	7	(11)
Group and unallocated items	(31)	10	(21)
	(61)	21	(40)

NOTE 2. EXCEPTIONAL ITEMS continued

	Gross 2000 US$M	Tax 2000 US$M	Net 2000 US$M
Exceptional items by category continued			
Exceptional taxation items			
Group and unallocated items			
Restatement of deferred tax balances on rate change		107	107
Tax benefit on finalisation of funding arrangements		184	184
		291	291
Other exceptional items			
Asset write-offs and provisions			
Carbon Steel Materials			
HBI Western Australia	(695)	210	(485)
	(695)	210	(485)
Total by category	(760)	523	(237)
Exceptional items by Customer Sector Group			
Carbon Steel Materials	(695)	210	(485)
Petroleum	81	3	84
Steel	(153)	9	(144)
Group and unallocated items	7	301	308
Total by Customer Sector Group	(760)	523	(237)

(a) Following a reassessment of the Group's asset disposal and closure plans relating to its South West Copper business in the US (where the Group ceased operations in 1999), impairment provisions, principally related to the San Manuel smelter, were increased by US$171 million. This was offset by a reduction of US$70 million in provisions relating to the expected timing of site restoration expenditure.

(b) In June 2002, a change in legislation increased the corporation taxation rate for petroleum operations in the United Kingdom from 30 per cent to 40 per cent, resulting in deferred taxation balances being restated by US$56 million.

(c) Sulphide operations at Tintaya have been suspended until at least January 2003. An exceptional charge of US$31 million recognised the costs of the suspension and a write-down of obsolete equipment.

(d) In June 2001, the BHP Billiton Group and Mitsubishi agreed to equalise their interests in the Central Queensland Coal Associates and Gregory joint ventures which involved the BHP Billiton Group selling to Mitsubishi a proportion of its interests resulting in the profit disclosed above.

(e) In 2001, the Group and unallocated items segment result includes a US$416 million write-off reflecting 100 per cent of the net assets of Ok Tedi which is prior to deducting minority interests of US$262 million. From 1 July 2001 no profit from Ok Tedi has been recognised by the BHP Billiton Group except to the extent that actual dividends have been received by the BHP Billiton Group. The BHP Billiton Group completed its withdrawal from the Ok Tedi copper mine on 8 February 2002, transferring its 52 per cent interest to an independent Program Company that will operate for the benefit of the people of Papua New Guinea.

(f) As a consequence of an income tax audit conducted by the Australian Taxation Office (ATO), an amount of US$118 million had been subject to litigation. The dispute concerned 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 1980s. On 23 November 1999, the Federal Court ruled in favour of the BHP Billiton Group. On 18 October 2000, the Full Bench of the Federal Court ruled in favour of the ATO. The BHP Billiton Group sought leave to appeal to the High Court of Australia (High Court) and the hearing occurred on 10 August 2001. The High Court refused the BHP Billiton 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 US$41 million was paid in 1992 and up to 2001 was accounted for as a deferred tax asset. At 30 June 2001, the accounts were adjusted to include a tax expense of US$33 million relating to refusal of the High Court to grant leave to appeal on the deductibility of financing costs and a deferred tax asset of US$8 million was carried forward. In July 2001, the outstanding balance of US$77 million was paid and recorded as a deferred tax asset. On 14 February 2002, the High Court allowed by consent the BHP Billiton Group's appeal against the majority decision of the Full Federal Court. As a result of the High Court order, an amount of US$85 million was refunded to the BHP Billiton Group together with associated interest and penalties.

(g) Attributable to discontinued operations. Refer note 3.

(h) On 29 March 2001, the BHP Billiton Limited Group announced that it would cease further investment in HBI Venezuela. 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 was US$520 million (US$410 million net of tax).

(i) In addition to its 47 per cent interest in the Mozal aluminium smelter, the BHP Billiton Group owned expansion rights amounting to 85 per cent. During the year it sold expansion rights of 38 per cent to its partners for consideration valued at US$61 million (US$40 million net of tax). This amount was included in share of operating profit/(loss) of joint ventures and associates.

(j) Costs associated with the fundamental reallocation of responsibilities between the businesses and the Group centre to align the organisation structure with the Portfolio Business Model.

NOTE 3. DISCONTINUED OPERATIONS

Due to the demerger of the BHP Steel business in July 2002, BHP Steel's results have been reported as discontinued operations, together with the results of the OneSteel business which was demerged from BHP Billiton in October 2000 and the US West Coast steel businesses which were divested in June 2000.

The profit and loss impact of these businesses, as included in the BHP Billiton Group financial statements is detailed below. These businesses comprise the majority of the Steel segment (refer note 4).

	2002 US$M	2001 US$M	2000 US$M
Profit and loss account			
Turnover (including share of joint ventures)	**2 550**	3 214	4 889
less Share of joint ventures turnover included above	**(206)**	(196)	(218)
Group turnover	**2 344**	3 018	4 671
Net operating costs (a)	**(2 285)**	(2 807)	(4 307)
Group operating profit	**59**	211	364
Share of operating profit of joint ventures	**11**	2	28
Operating profit (including share of profit of joint ventures)	**70**	213	392
Income from other fixed asset investments	**1**	4	3
Profit on sale of fixed assets	**15**	1	1
Loss on sale of subsidiaries (b)	**–**	–	(135)
Costs of fundamental reorganisation (c)	**–**	–	(18)
Profit before net interest and taxation	**86**	218	243

(a) There were no exceptional items included within operating costs for 2002 and 2000. Included within operating costs for 2001 is a charge of US$22 million (before tax) relating to restructuring costs and provisions. Refer note 2.
(b) The loss on sale of subsidiaries for 2000 represents the exceptional loss on disposal of the US West Coast Steel businesses of US$135 million (before tax). Refer note 2.
(c) Refer note 2.

The BHP Billiton Group demerged the BHP Steel business in July 2002 as follows:

- A capital reduction and a transfer to BHP Billiton Limited shareholders of 94 per cent of the shares in BHP Steel;
- A bonus issue of BHP Billiton Plc shares to BHP Billiton Plc shareholders as a Matching Action to ensure economic benefit equality to shareholders of both BHP Billiton Limited and BHP Billiton Plc (the bonus issue was one BHP Billiton Plc share for approximately each 15.6 BHP Billiton Plc shares held); and
- The sale by the BHP Billiton Group of the remaining 6 per cent of BHP Steel shares held by the Group.

The impact of these steps (which have been recorded in July 2002) is:

- The BHP Billiton Group's capital was reduced by approximately US$1 501 million, including approximately US$19 million of costs directly associated with the demerger;
- A cash inflow of approximately US$369 million, representing net US$294 million from the settlement by BHP Steel of intercompany loans, together with US$75 million from the sale of the 6 per cent of BHP Steel; and
- A loss of approximately US$19 million (no tax effect) relating to the sale of the 6 per cent of BHP Steel.

NOTE 3. DISCONTINUED OPERATIONS continued

BHP Steel is the leading steel company in Australia and New Zealand, specialising in the production of flat steel products, including slab, hot rolled coil, plate and value-added metallic coated and pre-painted steel products. The Company supplies customers in Australia, New Zealand, Asia, the US, Europe, the Middle East and the Pacific. Key steelmaking assets are the low-cost global scale Port Kembla Steelworks (Australia), BHP New Zealand Steel and North Star BHP Steel (USA). A network of metallic coating and coil painting facilities operates in Australia, New Zealand and South East Asia.

The attributable net assets of BHP Steel as included in the BHP Billiton Group's 30 June 2002 balance sheet is provided below. In addition, the estimated net assets demerged in July 2002 are provided, after allowing for the settlement of intercompany loans by BHP Steel to the BHP Billiton Group. The 2001 balance sheet presented below represents a comparable basis by which to evaluate the effect of the BHP Steel demerger on the balance sheet of the BHP Billiton Group as the OneSteel spin-out and the sale of the US West Coast steel businesses were completed prior to 30 June 2001.

	2002 US$M	2001 US$M
Balance sheet		
Tangible assets	**1 881**	1 718
Investments	**91**	89
Current assets	**759**	741
Creditors falling due within one year	**(345)**	(281)
Creditors falling due after more than one year and provisions	**(495)**	(460)
	1 891	1 807
Equity minority interests	**(21)**	(14)
Attributable net assets	**1 870**	1 793
Net payments to the BHP Billiton Group by BHP Steel to settle intercompany loans (post 30 June 2002)	**(294)**	
Estimated attributable net assets of BHP Steel to be demerged	**1 576**	

NOTE 4. ANALYSIS BY BUSINESS SEGMENT

	External turnover			Intersegment turnover			Profit before tax			Net operating assets (refer note 6)		
	2002	2001	2000	**2002**	2001	2000	**2002**	2001	2000	**2002**	2001	2000
	US$M	US$M	US$M	**US$M**	US$M	US$M	**US$M**	US$M	US$M	**US$M**	US$M	US$M
Group including joint ventures and associates												
Aluminium	**2 857**	2 971	2 357	**–**	–	–	**492**	523	438	**4 727**	4 730	3 216
Base Metals (a)	**1 821**	1 719	1 933	**–**	–	–	**200**	462	465	**4 077**	3 795	1 762
Carbon Steel Materials	**3 140**	3 165	2 611	**166**	184	215	**1 084**	918	548	**2 573**	2 387	2 936
Stainless Steel Materials (b)	**868**	994	1 156	**–**	–	–	**3**	72	204	**1 663**	1 736	1 747
Energy Coal	**1 919**	1 982	1 597	**–**	–	–	**536**	382	137	**2 092**	1 986	1 665
Diamonds and Specialty Products (b)	**1 474**	1 313	493	**6**	5	7	**272**	188	167	**1 620**	1 488	725
Petroleum	**2 780**	3 340	2 963	**35**	21	8	**1 073**	1 407	1 061	**2 865**	2 504	2 796
Steel (c)	**2 643**	3 427	5 080	**142**	333	313	**101**	270	402	**2 133**	2 130	3 913
Group and unallocated items (b)	**276**	168	212	**219**	41	117	**(573)**	(595)	(395)	**644**	956	1 515
Exceptional items							**(212)**	(1 088)	(760)			
							2 976	2 539	2 267			
Net interest							**(249)**	(476)	(489)			
	17 778	19 079	18 402	**568**	584	660	**2 727**	2 063	1 778	**22 394**	21 712	20 275

NOTE 4. ANALYSIS BY BUSINESS SEGMENT continued

	External turnover			Intersegment turnover			Profit before tax			Net operating assets (refer note 6)		
	2002	2001	2000	**2002**	2001	2000	**2002**	2001	2000	**2002**	2001	2000
	US$M	US$M	US$M	**US$M**	US$M	US$M	**US$M**	US$M	US$M	**US$M**	US$M	US$M
Joint ventures and associates (d)												
Aluminium	**40**	32	34	**–**	–	–	**–**	1	1	**–**	4	4
Base Metals (a)	**424**	90	6	**–**	–	–	**56**	25	–	**1 062**	1 122	–
Carbon Steel Materials	**244**	438	222	**–**	–	–	**75**	109	60	**334**	355	399
Stainless Steel Materials (b)	**80**	162	215	**–**	–	–	**(3)**	(11)	4	**3**	140	282
Energy Coal	**129**	83	–	**–**	–	–	**35**	16	–	**646**	393	–
Diamonds and Specialty Products (b)	**749**	269	276	**–**	–	–	**165**	162	155	**674**	296	309
Petroleum	**–**	–	–	**–**	–	–	**–**	–	–	**25**	–	–
Steel (c) (e)	**206**	196	218	**–**	–	–	**12**	2	28	**172**	245	278
Group and unallocated items (b)	**–**	20	16	**–**	–	–	**–**	(23)	(9)	**–**	–	414
Exceptional items							**–**	(634)	–			
							340	(353)	239			
Net interest							**(37)**	(63)	(43)			
	1 872	1 290	987	**–**	–	–	**303**	(416)	196	**2 916**	2 555	1 686

	Turnover			Profit before tax		
	2002	2001	2000	**2002**	2001	2000
	US$M	US$M	US$M	**US$M**	US$M	US$M
Trading activities included above (f)						
Aluminium	**1 006**	1 014	687	**13**	14	21
Base Metals	**24**	13	97	**–**	–	(3)
Carbon Steel Materials	**22**	40	–	**3**	1	–
Stainless Steel Materials	**9**	6	–	**1**	–	–
Energy Coal	**108**	100	–	**4**	6	–
Diamonds and Specialty Products (b)	**823**	797	–	**9**	23	–
	1 992	1 970	784	**30**	44	18

(a) Includes turnover attributable to associates of US$126 million (2001: US$44 million; 2000: US$nil), operating profit attributable to associates of US$32 million (2001: US$22 million; 2000: US$nil) and net operating assets attributable to associates of US$223 million (2001: US$273 million; 2000: US$nil).

(b) A new segment, Diamonds and Specialty Products, has been created encompassing Diamonds, Titanium Minerals, Integris (metals distribution) and Exploration & Technology. This new segment reflects management responsibility for these businesses. As a consequence, the former Exploration, Technology and New Business and Other Activities segments ceased to exist and any remaining portions have been included in Group and Unallocated Items. In addition, HBI Venezuela and Ok Tedi, previously reported in Carbon Steel Materials and Base Metals, respectively, are now included in Group and Unallocated Items and Columbus Stainless Steel, previously reported in Other Activities, now included in Stainless Steel Materials. Comparatives have been restated accordingly.

(c) The financial information presented as the Steel segment represents substantially all of the BHP Steel businesses to be demerged. Amounts not attributable to BHP Steel represent Transport and Logistics, until 31 December 2001, and certain residual steel assets and liabilities that will not be included as part of the BHP Steel businesses to be demerged. Refer note 3.

(d) Turnover attributable to acquisitions of joint ventures and associates (excluding increased ownership interests) was US$nil (2001: US$173 million; 2000: US$nil). Profit before tax attributable to acquisitions of joint ventures and associates was US$nil (2001: US$41 million; 2000: US$nil). In addition, Integris (metals distribution) is now included in joint ventures and associates (refer note 26).

(e) All Steel joint ventures and associates are attributable to the BHP Steel businesses to be discontinued. Refer note 3.

(f) Trading activities comprise the sale of third party product.

NOTE 5. ANALYSIS BY GEOGRAPHICAL SEGMENT

	Group			Joint ventures and associates			Total		
	2002	2001	2000	**2002**	2001	2000	**2002**	2001	2000
	US$M	US$M	US$M	**US$M**	US$M	US$M	**US$M**	US$M	US$M
Analysis by geographical market									
Turnover									
Continuing operations									
Australia	**1 613**	1 432	1 217	**5**	2	3	**1 618**	1 434	1 220
Europe	**3 929**	3 810	2 927	**366**	329	203	**4 295**	4 139	3 130
Japan	**1 941**	2 411	2 219	**137**	120	51	**2 078**	2 531	2 270
South Korea	**1 002**	842	938	**66**	64	16	**1 068**	906	954
Other Asia	**1 634**	1 687	1 604	**196**	170	87	**1 830**	1 857	1 691
North America	**1 575**	2 363	1 742	**769**	240	252	**2 344**	2 603	1 994
Southern Africa	**1 193**	1 099	1 250	**46**	60	87	**1 239**	1 159	1 337
Rest of World	**675**	1 127	847	**81**	109	70	**756**	1 236	917
Total from continuing operations	**13 562**	14 771	12 744	**1 666**	1 094	769	**15 228**	15 865	13 513
Discontinued operations									
Australia	**1 339**	1 657	2 858	**–**	–	–	**1 339**	1 657	2 858
Europe	**112**	163	161	**–**	–	–	**112**	163	161
Japan	**17**	34	49	**–**	–	–	**17**	34	49
South Korea	**42**	70	67	**–**	–	–	**42**	70	67
Other Asia	**328**	460	392	**–**	–	–	**328**	460	392
North America	**185**	258	650	**206**	196	218	**391**	454	868
Rest of World	**321**	376	494	**–**	–	–	**321**	376	494
Total from discontinued operations (a)	**2 344**	3 018	4 671	**206**	196	218	**2 550**	3 214	4 889
Total by geographical market	**15 906**	17 789	17 415	**1 872**	1 290	987	**17 778**	19 079	18 402
Analysis by geographical origin									
Turnover									
Continuing operations									
Australia (b)	**5 792**	5 676	4 887	**50**	178	–	**5 842**	5 854	4 887
Europe (c)	**2 049**	1 907	1 147	**–**	–	–	**2 049**	1 907	1 147
North America	**1 475**	1 804	1 230	**668**	105	34	**2 143**	1 909	1 264
South America (d)	**1 648**	1 980	1 868	**607**	370	210	**2 255**	2 350	2 078
Southern Africa	**2 355**	2 666	2 794	**341**	441	525	**2 696**	3 107	3 319
Rest of World	**243**	738	818	**–**	–	–	**243**	738	818
Total from continuing operations	**13 562**	14 771	12 744	**1 666**	1 094	769	**15 228**	15 865	13 513
Discontinued operations									
Australia (b)	**1 887**	2 400	3 612	**–**	–	–	**1 887**	2 400	3 612
Europe	**31**	80	–	**–**	–	–	**31**	80	–
North America	**2**	21	393	**206**	196	218	**208**	217	611
Rest of World	**424**	517	666	**–**	–	–	**424**	517	666
Total from discontinued operations (a)	**2 344**	3 018	4 671	**206**	196	218	**2 550**	3 214	4 889
Total by geographical origin	**15 906**	17 789	17 415	**1 872**	1 290	987	**17 778**	19 079	18 402

NOTE 5. ANALYSIS BY GEOGRAPHICAL SEGMENT continued

	Group			Joint ventures and associates			Total		
	2002	2001	2000	**2002**	2001	2000	**2002**	2001	2000
	US$M	US$M	US$M	**US$M**	US$M	US$M	**US$M**	US$M	US$M
Profit before tax									
Continuing operations									
Australia	**1 628**	1 753	447	**27**	(297)	–	**1 655**	1 456	447
Europe	**127**	191	264	**–**	–	1	**127**	191	265
North America	**16**	124	133	**6**	3	–	**22**	127	133
South America (d)	**158**	543	595	**143**	(99)	49	**301**	444	644
Southern Africa	**559**	460	322	**153**	38	161	**712**	498	483
Rest of World	**73**	(395)	52	**–**	–	–	**73**	(395)	52
Total from continuing operations	**2 561**	2 676	1 813	**329**	(355)	211	**2 890**	2 321	2 024
Discontinued operations									
Australia	**25**	163	253	**–**	–	–	**25**	163	253
Europe	**3**	3	3	**–**	–	–	**3**	3	3
North America	**10**	(12)	(93)	**11**	2	28	**21**	(10)	(65)
Rest of World	**37**	62	52	**–**	–	–	**37**	62	52
Total from discontinued operations (a)	**75**	216	215	**11**	2	28	**86**	218	243
Net interest	**(212)**	(413)	(446)	**(37)**	(63)	(43)	**(249)**	(476)	(489)
Total by geographical origin	**2 424**	2 479	1 582	**303**	(416)	196	**2 727**	2 063	1 778
Net operating assets (refer note 6)									
Continuing operations									
Australia	**6 578**	6 654	6 521	**3**	–	–	**6 581**	6 654	6 521
Europe	**621**	731	727	**–**	–	–	**621**	731	727
North America	**1 122**	1 245	279	**520**	158	4	**1 642**	1 403	283
South America (d)	**4 909**	4 482	3 120	**1 896**	1 685	780	**6 805**	6 167	3 900
Southern Africa	**3 804**	3 844	3 859	**325**	467	624	**4 129**	4 311	4 483
Rest of World	**368**	332	750	**–**	–	–	**368**	332	750
Total from continuing operations	**17 402**	17 288	15 256	**2 744**	2 310	1 408	**20 146**	19 598	16 664
Discontinued operations									
Australia	**1 572**	1 346	2 645	**–**	–	–	**1 572**	1 346	2 645
Europe	**2**	3	–	**–**	–	–	**2**	3	–
North America	**–**	51	75	**172**	245	278	**172**	296	353
Southern Africa	**5**	–	–	**–**	–	–	**5**	–	–
Rest of World	**497**	469	613	**–**	–	–	**497**	469	613
Total from discontinued operations (a)	**2 076**	1 869	3 333	**172**	245	278	**2 248**	2 114	3 611
Total by geographical origin	**19 478**	19 157	18 589	**2 916**	2 555	1 686	**22 394**	21 712	20 275

Turnover derived from intersegment transactions is immaterial.

(a) Refer note 3.

(b) Export sales from Australia amounting to US$4 774 million, US$4 998 million and US$4 501 million are included in Australia for 2002, 2001 and 2000 respectively. Approximately 26 per cent, 25 per cent and 25 per cent of such sales during 2002, 2001 and 2000, respectively, were to customers in Japan.

(c) Export sales from the UK amounting to US$501 million, US$507 million and US$403 million are included in Europe for 2002, 2001 and 2000 respectively. None of these sales were to customers in Japan.

(d) Includes turnover attributable to associates of US$126 million (2001: US$44 million; 2000: US$nil), operating profit attributable to associates of US$32 million (2001: US$22 million; 2000: US$nil) and net operating assets attributable to associates of US$223 million (2001: US$273 million; 2000: US$nil).

NOTE 6. RECONCILIATION OF NET OPERATING ASSETS

	Group		Joint ventures and associates		Total	
	2002	2001	**2002**	2001	**2002**	2001
	US$M	US$M	**US$M**	US$M	**US$M**	US$M
Net operating assets (refer notes 4 and 5)	**19 478**	19 157	**2 916**	2 555	**22 394**	21 712
Cash, including money market deposits	**1 499**	1 285	**136**	60	**1 635**	1 345
Debt	**(8 321)**	(8 606)	**(909)**	(980)	**(9 230)**	(9 586)
Corporation tax	**(526)**	(359)	**(29)**	(12)	**(555)**	(371)
Dividends payable	**(402)**	(421)	**–**	–	**(402)**	(421)
Deferred tax	**(1 107)**	(881)	**(73)**	(116)	**(1 180)**	(997)
Tax recoverable	**20**	38	**–**	–	**20**	38
Shareholder loans	**488**	438	**(488)**	(438)	**–**	–
Net assets	**11 129**	10 651	**1 553**	1 069	**12 682**	11 720

NOTE 7. NET OPERATING COSTS

	2002 US$M	2001 US$M	2000 US$M
Change in stocks of finished goods and work in progress	**(99)**	(37)	30
Raw materials and consumables	**3 240**	2 521	2 403
Staff costs	**2 035**	2 115	2 269
Amortisation of goodwill and negative goodwill	**3**	6	10
Depreciation of tangible fixed assets	**1 724**	1 666	1 738
Impairment charge	**119**	34	695
Loss on sale of fixed assets and joint ventures	**–**	21	2
Other operating income	**(163)**	(206)	(156)
Other operating charges	**6 444**	8 491	8 481
Group (a)	**13 303**	14 611	15 472
Joint ventures and associates	**1 532**	1 643	748
Operating costs including joint ventures and associates	**14 835**	16 254	16 220
Other operating charges include the following:			
Operating lease charges:			
Land and buildings	**24**	49	59
Plant and equipment	**79**	158	107
Other lease charges	**125**	96	11
	228	303	177
Audit fees payable by the BHP Billiton Group to:			
Joint auditors of BHP Billiton Plc (including overseas firms)	**6**	5	3
Other audit firms	**4**	3	4
	10	8	7
Fees payable by the BHP Billiton Group to auditors for other services (b)			
Joint auditors of BHP Billiton Plc (including overseas firms) (c)			
Information systems design and implementation	**6**	–	–
Other services	**9**	20	10
Other audit firms			
Other services	**4**	6	3
	19	26	13

(a) Includes net operating costs attributable to discontinued operations as follows:

	2002 US$M	2001 US$M	2000 US$M
Change in stocks of finished goods and work in progress	**3**	–	5
Raw materials and consumables	**946**	1 162	1 783
Staff costs	**506**	622	954
Amortisation of goodwill	**–**	3	3
Depreciation of tangible fixed assets	**132**	159	269
Other operating charges	**698**	861	1 293
	2 285	2 807	4 307

(b) Includes fees paid to all audit firms of the BHP Billiton Group including accounting advice, tax compliance services, expatriate taxation services, ITservices and internal audit services. Some of these arrangements involved provision of services by BHP Billiton Plc's auditors to BHP Billiton Limited and vice versa which were entered into before the DLC merger and continued during 2002 pending the outcome of the audit tender. The BHP Billiton Group has subsequently approved a policy governing other services provided by the Group's auditors which precludes the provision of certain services.

(c) The amounts paid to the UK firms and their associates amounted to US$3 million (2001: US$14 million; 2000: US$2 million).

NOTE 8. NET INTEREST AND SIMILAR ITEMS (PAYABLE)/RECEIVABLE

	2002 US$M	2001 US$M	2000 US$M
On bank loans and overdrafts	**(161)**	(236)	(238)
On all other loans	**(311)**	(339)	(324)
Finance lease and hire purchase interest	**(5)**	(9)	(8)
	(477)	(584)	(570)
Dividends on redeemable preference shares	**(39)**	(83)	(92)
Discounting on provisions (refer note 21)	**(42)**	(39)	(32)
less Amounts capitalised (a)	**58**	39	65
	(500)	(667)	(629)
Share of interest of joint ventures and associates	**(71)**	(94)	(59)
	(571)	(761)	(688)
Interest received/receivable	**142**	136	105
	(429)	(625)	(583)
Exchange differences on net debt (b) (c)			
Group	**146**	118	78
Joint ventures and associates	**34**	31	16
	180	149	94
Net interest and similar items payable (d)	**(249)**	(476)	(489)

(a) Interest has been capitalised at the rate of interest applicable to the specific borrowings financing the assets under construction or, where financed through general borrowings, at a capitalisation rate representing the average borrowing cost of the Group. For 2002 the capitalisation rate was 5.5 per cent.

(b) Net exchange gains primarily represent the effect on borrowings of the depreciation of the rand against the US dollar.

(c) Cumulative unrealised exchange gains of US$269 million have been recognised at 30 June 2002 (2001: US$383 million; 2000: US$309 million).

(d) Disclosed in the consolidated profit and loss account as:

	2002 US$M	2001 US$M	2000 US$M
Net interest and similar items payable			
Group	**(212)**	(413)	(446)
Joint ventures and associates	**(37)**	(63)	(43)
Net interest and similar items payable	**(249)**	(476)	(489)

NOTE 9. EMPLOYEES

	2002 Number	2001 Number	2000 Number
The average number of employees, which excludes joint ventures' and associates' employees and includes Executive Directors, during the period was as follows:			
Aluminium	**5 246**	5 045	4 615
Base Metals	**4 580**	3 456	2 472
Carbon Steel Materials	**6 380**	6 232	8 442
Stainless Steel Materials	**5 451**	5 861	6 831
Energy Coal	**10 373**	12 952	15 614
Diamonds and Specialty Products	**1 754**	2 685	896
Petroleum	**1 770**	1 744	1 877
Steel (refer note 3)	**12 269**	16 627	23 642
Group and unallocated items	**3 214**	4 351	5 102
	51 037	58 953	69 491

	2002 US$M	2001 US$M	2000 US$M
The aggregate payroll expenses of those employees was as follows:			
Wages, salaries and redundancies	**1 843**	1 903	2 078
Employee share awards	**28**	46	10
Social security costs	**28**	34	17
Pension and other post-retirement benefit costs (refer note 28)	**136**	132	164
	2 035	2 115	2 269

NOTE 10. TAXATION

	2002 US$M	2001 US$M	2000 US$M
Analysis of charge in the period			
UK taxation			
Corporation tax at 30% (a)			
Current	**165**	223	230
Deferred	**16**	(17)	(68)
less Double taxation relief	**(92)**	(127)	(100)
	89	79	62
Australian taxation			
Corporation tax at 30% (2001: 34%; 2000: 36%)			
Current	**235**	299	301
Deferred	**225**	66	(385)
	460	365	(84)
South African taxation			
Corporation tax at 30%			
Current	**228**	110	81
Deferred	**(120)**	(40)	(25)
	108	70	56
Other overseas taxation			
Current	**99**	227	92
Deferred	**108**	(28)	41
	207	199	133
Share of joint ventures' tax charge			
Current	**93**	80	55
Deferred	**(11)**	(31)	4
	82	49	59
Share of associates' current tax charge	**(4)**	3	–
Withholding tax and secondary taxes on companies	**48**	46	24
Other taxation	**–**	–	1
	990	811	251
Made up of:			
Aggregate current tax			
Group	**683**	778	629
Joint ventures and associates	**89**	83	55
	772	861	684
Aggregate deferred tax			
Group	**229**	(19)	(437)
Joint ventures and associates	**(11)**	(31)	4
	218	(50)	(433)
	990	811	251

(a) Excludes the additional 10 per cent tax applicable to petroleum operations in the UK which commenced during the year ended 30 June 2002.

NOTE 10. TAXATION continued

	2002 US$M	2001 US$M	2000 US$M
Factors affecting tax charge for the period			
The tax assessed is different than the standard rate of corporation tax in the UK (30%).			
The differences are explained below:			
Profit on ordinary activities before tax	**2 727**	2 063	1 778
Tax on profit at UK rate of 30%	**818**	619	533
Permanent differences			
Investment and development allowance	**(10)**	(19)	(29)
Amounts over provided in prior years	**(23)**	5	(83)
Recognition of prior year tax losses	**(103)**	(133)	(99)
Non-deductible accounting depreciation and amortisation	**54**	32	31
Non-deductible dividends on redeemable preference shares	**13**	24	30
Non tax-effected operating losses	**69**	47	16
Tax rate differential on non-UK income	**(1)**	57	(4)
Non tax-effected capital gains	**(12)**	(63)	(12)
Foreign expenditure including exploration not presently deductible	**16**	57	41
South African secondary tax on companies	**48**	46	24
Foreign exchange gains and other translation adjustments	**(2)**	(113)	(11)
Non-deductible merger transaction costs	**–**	28	–
Tax rate changes	**59**	(22)	(119)
Investment and asset impairments	**32**	176	33
Finalisation of funding arrangements	**–**	–	(153)
Other	**32**	70	53
Total permanent differences	**172**	192	(282)
Deferred tax movements taken to the profit and loss account			
Capital allowances for the period (more)/less than depreciation	**(176)**	79	25
Exploration expenditure	**(114)**	28	157
Employee entitlements	**(29)**	(72)	(60)
Restoration and rehabilitation	**4**	(32)	(12)
Resource rent tax	**17**	19	(4)
Deferred income	**–**	(16)	22
Other provisions	**(77)**	(10)	(1)
Foreign exchange losses/(gains)	**(5)**	24	(75)
Foreign tax	**(39)**	41	56
Tax losses	**48**	(228)	355
Other	**153**	217	(30)
Total timing differences	**(218)**	50	433
Current tax charge for period	**772**	861	684
Add/(less) Deferred tax movements taken to the profit and loss account	**218**	(50)	(433)
Tax on profit on ordinary activities	**990**	811	251

NOTE 10. TAXATION continued

	2002 US$M	2001 US$M
Provision for deferred tax		
Future income tax benefit at period end comprises:		
Timing differences		
Depreciation	**(14)**	(24)
Exploration expenditure	**48**	128
Employee entitlements	**19**	26
Restoration and rehabilitation	**48**	38
Resource rent tax	**90**	85
Other provisions	**2**	21
Foreign exchange losses	**59**	83
Profit in stocks elimination	**8**	5
Other	**87**	5
Tax-effected losses	**133**	92
Total future income tax benefit	**480**	459
Provision for deferred tax at period end comprises:		
Accelerated capital allowances	**1 641**	1 470
Exploration expenditure	**23**	(8)
Employee entitlements	**(36)**	(55)
Restoration and rehabilitation	**(49)**	(54)
Resource rent tax	**(31)**	(20)
Deferred income	**(98)**	(98)
Other provisions	**–**	(23)
Foreign exchange losses/(gains)	**(17)**	–
Deferred charges	**42**	44
Foreign tax	**128**	89
Other	**32**	53
Tax-effected losses	**(48)**	(58)
Total provision for deferred tax	**1 587**	1 340
Net provision for deferred tax	**1 107**	881
Provision at start of period	**881**	901
(Disposals)/Acquisitions of subsidiaries	**(21)**	27
Exchange differences	**18**	(28)
Deferred tax charge in profit and loss account for period	**229**	(19)
Net provision at end of period	**1 107**	881
This provision is included within		
Debtors (refer note 17)	**480**	459
Provisions for liabilities and charges (refer note 21)	**(1 587)**	(1 340)
	(1 107)	(881)

NOTE 10 TAXATION continued

Factors that may affect future tax charges

The BHP Billiton Group operates in countries where tax rates are higher than the UK tax rate of 30 per cent, including Canada (43 per cent), Chile (effective rate of 35 per cent), South Africa (effective rate of 37.8 per cent) and the US (35 per cent). Furthermore, petroleum operations in the UK are subject to an additional 10 per cent tax above the ordinary UK tax rate of 30 per cent.

The BHP Billiton Group's subsidiaries generally have tax balances denominated in currencies other than US dollars. Where the subsidiary has a US dollar functional currency, any adjustments on translation of such balances will be taken to the tax charge for the period. The level of such adjustments is dependent upon future movements in exchange rates relative to the US dollar.

As at 30 June 2002, the BHP Billiton Group has not recognised potential tax expense of US$47 million, which mainly relates to the tax impact of unrealised foreign exchange gains and losses on US dollar net debt held by subsidiaries which retain local currency records for tax purposes. Tax expense will be recognised when such gains and losses are realised for tax purposes.

The BHP Billiton Group anticipates it will continue to incur foreign expenditure including exploration or incur losses in jurisdictions which under current accounting policies, the tax effect of such expenditure or losses may not be recognised. The BHP Billiton Group will continue to incur non-deductible accounting depreciation and amortisation.

Tax losses

At 30 June 2002, the BHP Billiton Group has ordinary tax losses and capital losses of approximately US$2.3 billion, which have not been tax effected. The BHP Billiton Group anticipates benefits from the recognition of losses in future periods to the extent of income or gains in relevant jurisdictions. These tax losses carried forward expire as summarised below:

Year of expiry	Australian losses US$M	UK losses US$M	Other foreign losses US$M	**Total losses US$M**
Income tax losses				
2003	–	–	2	**2**
2004	–	–	3	**3**
2005	–	–	2	**2**
2006	–	–	2	**2**
2007	–	–	2	**2**
2009	–	–	40	**40**
2010	–	–	2	**2**
2011	–	–	45	**45**
2012	–	–	97	**97**
2013	–	–	33	**33**
2019	–	–	211	**211**
2020	–	–	392	**392**
2021	–	–	411	**411**
2022	–	–	102	**102**
Unlimited	85	11	399	**495**
Capital tax losses				
2005	–	–	154	**154**
Unlimited	334	10	–	**344**
	419	21	1 897	**2 337**

At 30 June 2002, tax losses carried forward for the BHP Billiton Group include income tax losses of US$374 million and capital tax losses of US$nil related to BHP Steel which have not been tax-effected.

NOTE 11. DIVIDENDS

	2002 US$M	2001 US$M	2000 US$M
BHP Billiton Plc			
Dividends declared (a) (b)	**150**	186	154
Dividends paid			
Ordinary shares (c)	**151**	92	78
Preference shares (d)	**–**	–	–
	301	278	232
BHP Billiton Limited (e)			
Dividends declared (a) (f)	**242**	245	275
Dividends paid (g)	**241**	231	281
	483	476	556
Total dividends paid or payable	**784**	754	788

Dividends payable in the consolidated profit and loss account are stated net of amounts which are not payable outside the BHP Billiton Group under the terms of the share repurchase scheme (refer note 25) and the Billiton Employee Share Ownership Trust (refer note 15).

(a) Dividends declared on 3 May 2002 and payable at 30 June 2002 were paid on 3 July 2002.
(b) Declared final dividend of 6.5 US cents per share (2001: 8.0 US cents per share; 2000: 7.5 US cents per share).
(c) Interim dividend paid of 6.5 US cents per share (2001: 4.0 US cents per share; 2000: 3.75 US cents).
(d) 5.5 per cent dividend on 50 000 preference shares of £1 each (2001: 5.5 per cent; 2000: 5.5 per cent).
(e) Dividends per American Depositary Share (ADS) (as declared) for 2002 were 26.0 US cents per share (2001: 49.4 Australian cents; 2000: 49.4 Australian cents).
(f) Declared final dividend of 6.5 US cents fully franked per share (2001: 12.6 Australian cents per share fully franked; 2000: 12.6 Australian cents unfranked per share).
(g) Interim dividend paid of 6.5 US cents fully franked per share (2001: 12.1 Australian cents unfranked per share; 2000: 12.1 Australian cents unfranked per share).

All per share amounts have been adjusted for the BHP Billiton Limited bonus issue effective 29 June 2001.

NOTE 12. EARNINGS PER SHARE

	2002	2001	2000
Basic earnings per share (US cents)			
Excluding exceptional items	**32**	37	30
Impact of exceptional items	**(4)**	(11)	(4)
Including exceptional items	**28**	26	26
Diluted earnings per share (US cents)			
Excluding exceptional items	**32**	37	30
Impact of exceptional items	**(4)**	(11)	(4)
Including exceptional items	**28**	26	26
Earnings (US$million)			
Excluding exceptional items	**1 934**	2 189	1 743
Including exceptional items	**1 690**	1 529	1 506
Weighted average number of shares (millions)			
Basic earnings per share denominator	**6 029**	5 944	5 725
Diluted earnings per share denominator	**6 042**	5 973	5 736

The exceptional items that have the greatest impact on basic earnings per share comprise the impairment of HBI Venezuela (decrease of 7 US cents in 2001), the exit from the Ok Tedi copper mine (decrease of 3 US cents in 2001) and the impairment of HBI Western Australia (decrease of 9 US cents in 2000). All other exceptional items (which are individually disclosed in note 2) decrease basic earnings per share by 4 US cents in 2002 (2001: decrease of 2 US cents; 2000 increase of 4 US cents).

The Directors present earnings per share data based on earnings excluding exceptional items as this is a less volatile measure of the performance of the BHP Billiton Group. Whilst acceptable under UK GAAP, this presentation is not permitted under US GAAP. Profit and earnings per share before exceptional items are not measures of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP as a measurement of the BHP Billiton Group's profitability or liquidity. All registrants do not calculate profit and earnings per share before exceptional items in the same manner, and accordingly, profit and earnings per share before exceptional items may not be comparable with other registrants. Refer to note 2 for details of exceptional items excluded.

Under the terms of the DLC merger, the rights to dividends of a holder of an ordinary share in BHP Billiton Plc and a holder of an ordinary share in BHP Billiton Limited are identical. Consequently, earnings per share has been calculated on the basis of the aggregate number of ordinary shares ranking for dividend. The weighted average number of shares used for the purposes of calculating basic earnings per share is calculated after deduction of the shares held by the share repurchase scheme and the Billiton Employee Share Ownership Trust and adjusting for the BHP Billiton Limited bonus issue effective 29 June 2001.

The weighted average number of shares used for the purposes of calculating diluted earnings per share can be reconciled to the number used to calculate basic earnings per share as follows:

Number of shares	**2002 Million**	2001 Million	2000 Million
Basic earnings per share denominator	**6 029**	5 944	5 725
BHP Billiton Limited options	**11**	12	6
BHP Billiton Limited partly paid shares	**2**	3	5
BHP Billiton Plc executive share awards	**–**	14	–
Diluted earnings per share denominator	**6 042**	5 973	5 736

NOTE 13. INTANGIBLE FIXED ASSETS

	Goodwill 2002 US$M	Negative goodwill 2002 US$M	Total 2002 US$M	Goodwill 2001 US$M	Negative goodwill 2001 US$M	Total 2001 US$M
Cost						
At beginning of year	**114**	**(46)**	**68**	220	(60)	160
Additions	**–**	**–**	**–**	51	–	51
Disposals	**(13)**	**–**	**(13)**	(136)	14	(122)
Other movements (a)	**(38)**	**–**	**(38)**	–	–	–
Exchange variations	**–**	**–**	**–**	(21)	–	(21)
At end of year	**63**	**(46)**	**17**	114	(46)	68
Amortisation						
At beginning of year	**19**	**(10)**	**9**	93	(7)	86
Amortisation for year	**6**	**(3)**	**3**	9	(3)	6
Disposals	**(4)**	**–**	**(4)**	(72)	–	(72)
Exchange variations	**–**	**–**	**–**	(11)	–	(11)
At end of year	**21**	**(13)**	**8**	19	(10)	9
Net book value at end of year	**42**	**(33)**	**9**	95	(36)	59
Net book value at beginning of year	**95**	**(36)**	**59**	127	(53)	74

(a) Refer note 26.

NOTE 14. TANGIBLE FIXED ASSETS

	Land and buildings US$M	Plant and equipment US$M	Other mineral assets US$M	Assets under construction US$M	Exploration US$M	Total US$M
Cost or valuation						
At 1 July 2001	**2 562**	**25 468**	**5 661**	**725**	**432**	**34 848**
Additions	**65**	**1 915**	**103**	**771**	**148**	**3 002**
Disposals	**(58)**	**(347)**	**(19)**	**–**	**(4)**	**(428)**
Disposals of subsidiaries	**(59)**	**(357)**	**–**	**–**	**–**	**(416)**
Exchange variations	**33**	**531**	**3**	**4**	**1**	**572**
Transfers and other movements	**(66)**	**808**	**(427)**	**(57)**	**(176)**	**82**
At 30 June 2002	**2 477**	**28 018**	**5 321**	**1 443**	**401**	**37 660**
Depreciation						
At 1 July 2001	**1 074**	**12 707**	**1 517**	**210**	**109**	**15 617**
Charge for the year (including impairments)	**97**	**1 646**	**171**	**17**	**50**	**1 981**
Disposals	**(25)**	**(201)**	**(11)**	**–**	**(4)**	**(241)**
Disposals of subsidiaries	**(2)**	**(172)**	**–**	**–**	**–**	**(174)**
Exchange variations	**17**	**278**	**7**	**(5)**	**1**	**298**
Transfers and other movements	**18**	**127**	**(115)**	**(5)**	**(25)**	**–**
At 30 June 2002	**1 179**	**14 385**	**1 569**	**217**	**131**	**17 481**
Net book value at 30 June 2002	**1 298**	**13 633**	**3 752**	**1 226**	**270**	**20 179**
Cost or valuation						
At 1 July 2000	2 645	25 753	3 896	1 232	391	33 917
Additions	78	1 856	981	379	109	3 403
On acquisition of subsidiaries	135	482	924	4	1	1 546
Disposals	(33)	(514)	(46)	(1)	(3)	(597)
Disposals of businesses	(207)	(820)	(4)	–	–	(1 031)
Exchange variations	(226)	(2 063)	(99)	(19)	(16)	(2 423)
Transfers and other movements	170	774	9	(870)	(50)	33
At 30 June 2001	2 562	25 468	5 661	725	432	34 848
Depreciation						
At 1 July 2000	965	12 590	1 475	213	94	15 337
Charge for the year (including impairments)	202	1 750	129	–	49	2 130
Disposals	(8)	(444)	(23)	–	–	(475)
Disposals of businesses	(43)	(237)	–	–	–	(280)
Exchange variations	(92)	(920)	(70)	(3)	(10)	(1 095)
Transfers and other movements	50	(32)	6	–	(24)	–
At 30 June 2001	1 074	12 707	1 517	210	109	15 617
Net book value at 30 June 2001	1 488	12 761	4 144	515	323	19 231

NOTE 14. TANGIBLE FIXED ASSETS continued

Included within the net book value of other mineral assets is US$530 million (2001: US$448 million) of deferred overburden removal costs.

Included within the amounts above are assets held under finance leases with a net book value of US$65 million at 30 June 2002 (2001: US$79 million). Depreciation charged on these assets during the year ended 30 June 2002 totalled US$9 million (2001: US$12 million; 2000: US$9 million).

Included within the amounts set out above are assets with a net book value of US$844 million, which has been recorded at a Directors' valuation in prior periods. Under the transitional rules of FRS 15 'Tangible Fixed Assets' which was adopted in the year ended 30 June 1999, these valuations were frozen and effectively treated as the cost of the fixed asset and no further revaluations made. The comparable amount determined according to the historical cost convention is US$781 million. The additional depreciation charge attributable to the revaluation for 2002 is US$5 million (2001: US$5 million; 2000: US$6 million).

	Freehold US$M	Long leasehold US$M	Total US$M
The net book value of land and buildings can be analysed as follows:			
At 30 June 2002	**1 203**	**95**	**1 298**
At 30 June 2001	1 378	110	1 488

Non-depreciated assets

Included within land and buildings, other mineral assets and exploration at 30 June 2002 is freehold land and mineral rights (undeveloped or under development) which are not currently depreciated, with a net book value of US$594 million (2001: US$568 million).

Cumulative capitalised interest

Included within plant and machinery and other mining assets at 30 June 2002 is capitalised interest with a net book value of US$352 million (2001: US$309 million).

NOTE 15. FIXED ASSET INVESTMENTS

	Investment in joint ventures US$M	Investment in associates US$M	Loans to joint ventures US$M	Loans to associates US$M	Own shares)(a) US$M	Other fixed asset Investments(b) US$M	Total US$M
At 1 July 2001	**1 011**	**58**	**371**	**67**	**–**	**473**	**1 980**
Group share of profits less losses	**198**	**27**	**–**	**–**	**–**	**–**	**225**
Charge for year	**(1)**	**–**	**–**	**–**	**–**	**(15)**	**(16)**
Additions	**389**	**–**	**285**	**–**	**3**	**78**	**755**
Disposals	**181**	**–**	**(346)**	**–**	**–**	**(42)**	**(207)**
On acquisition of subsidiaries	**(55)**	**–**	**–**	**–**	**–**	**(10)**	**(65)**
Exchange variations	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Dividends received	**(149)**	**–**	**–**	**–**	**–**	**–**	**(149)**
Transfers	**(106)**	**–**	**111**	**–**	**–**	**11**	**16**
At 30 June 2002	**1 468**	**85**	**421**	**67**	**3**	**496**	**2 540**
At 1 July 2000	531	–	262	–	21	290	1 104
HBI Venezuela guarantee	–	–	310	–	–	–	310
Group share of profits less losses	(170)	12	(310)	–	–	–	(468)
Charge for year	–	–	–	–	(46)	(7)	(53)
Additions	572	–	118	–	25	353	1 068
Disposals	(237)	–	(9)	–	–	(136)	(382)
On acquisition of subsidiaries	443	46	–	67	–	26	582
Exchange variations	(12)	–	–	–	–	(28)	(40)
Dividends received	(166)	–	–	–	–	–	(166)
Transfers	50	–	–	–	–	(25)	25
At 30 June 2001	1 011	58	371	67	–	473	1 980

	In Aggregate		**BHP Billiton Group Share**	
	2002	2001	**2002**	2001
	US$M	US$M	**US$M**	US$M
Net assets of joint ventures can be analysed as follows:				
Fixed assets	**5 543**	6 568	**2 152**	2 340
Current assets	**1 706**	1 274	**750**	476
Liabilities due within one year	**(1 302)**	(888)	**(576)**	(346)
Liabilities due after more than one year	**(2 173)**	(4 364)	**(858)**	(1 459)
Net assets	**3 774**	2 590	**1 468**	1 011

	In Aggregate		**BHP Billiton Group Share**	
	2002	2001	**2002**	2001
	US$M	US$M	**US$M**	US$M
Net assets of associates can be analysed as follows:				
Fixed assets	**880**	956	**220**	239
Current assets	**196**	204	**49**	51
Liabilities due within one year	**(156)**	(224)	**(39)**	(56)
Liabilities due after more than one year	**(580)**	(704)	**(145)**	(176)
Net assets	**340**	232	**85**	58

NOTE 15. FIXED ASSET INVESTMENTS (Continued)

	In Aggregate		
	2002	2001	2000
	US$M	US$M	US$M
Profits less losses of joint ventures and associates can be analysed as follows:			
Turnover	**4 252**	3 263	2 508
Operating costs	**(3 442)**	(2 675)	(2 032)
Operating income/(loss) before interest and tax	**810**	588	436
Profits less losses after interest and tax	**520**	288	238

(a) Own shares comprised the shares of BHP Billiton Plc held by the Billiton Employee Share Ownership Trust (refer note 23 for a description of the Trust). At 30 June 2002, 659 882 shares (2001: nil) were held by the Trust with a market value at that date of US$3 million (2001: US$nil). At 30 June 2000, 10 695 741 shares were held by the Trust with a market value at that date of US$45 million. Following completion of the DLC merger, vesting of all of the shares in the trust was unconditional at 30 June 2001. The Trust received dividends on the shares held.

(b) The BHP Billiton Group has subscribed for shares in a number of listed companies in connection with option arrangements on exploration projects. The consideration has been allocated to the option and has generally been expensed in accordance with the BHP Billiton Group's accounting policy on exploration. These investments therefore have a book value of US$nil at 30 June 2002 (2001: US$nil) in the table above and a market value of US$11 million (2001: US$5 million). Other listed investments had a book value of US$69 million (2001: US$4 million) and a market value of US$82 million (2001: US$5 million).

NOTE 16. STOCKS

	2002	2001
	US$M	US$M
Raw materials and consumables	**349**	466
Work in progress	**434**	386
Finished goods	**674**	823
	1 457	1 675

NOTE 17. DEBTORS

	2002 US$M	2001 US$M
Amounts due within one year		
Trade debtors	**1 643**	1 804
less Provision for doubtful debts	**(13)**	(12)
Amounts owed by joint ventures	**–**	5
Tax recoverable	**20**	38
Employee Share Plan loans (a)	**71**	8
Other debtors (b)	**737**	587
less Provision for doubtful debts	**(3)**	(5)
Prepayments and accrued income	**99**	122
	2 554	2 547
Amounts due after one year		
Deferred tax	**480**	459
Employee Share Plan loans (a)	**64**	158
Other debtors (b)	**371**	166
Prepayments and accrued income	**282**	253
	1 197	1 036
	3 751	3 583

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

(b) Other debtors includes receivables from joint venture arrangement cash calls, indirect taxes owing and other long-term financing and reimbursement arrangements.

NOTE 18. CURRENT ASSET INVESTMENTS

	2002 US$M	2001 US$M
Listed investments (a)	–	83
Other investments (b)(c)	**117**	132
	117	215

(a) At 30 June 2001, listed investments had a market value of US$105 million.

(b) Other investments include US$61 million (2001: US$62 million) held by the Ingwe Environmental Trust Fund. The future realisation of these investments is intended to fund environmental obligations relating to the eventual closure of Ingwe's mines and consequently these investments, whilst under BHP Billiton Group control, are not available for the general purposes of the BHP Billiton Group. All income from these investments is reinvested or spent to meet these obligations. The BHP Billiton Group retains responsibility for these environmental obligations until such time as the former mine sites have been rehabilitated in accordance with the relevant environmental legislation. These obligations are therefore included under provisions for liabilities and charges (refer note 21).

(c) Other investments include US$49 million (2001: US$59 million) relating to the BHP Billiton Group's self insurance arrangements. These investments are held for the benefit of the BHP Billiton Group but are not available for the general purposes of the BHP Billiton Group.

NOTE 19. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 US$M	2001 US$M
Bank overdrafts	**509**	287
Unsecured bank loans	**178**	585
Total current portion of bank loans and overdrafts	**687**	872
Debentures	**706**	232
Secured debt (limited recourse) (refer note 20)	**37**	4
Unsecured debt (non-recourse)	**173**	–
Redeemable preference shares (refer note 20)	**–**	356
Commercial paper (a)	**849**	25
Finance leases	**2**	10
Other unsecured borrowings	**192**	308
Other secured borrowings	**141**	278
Total current portion of debentures and other borrowings	**2 100**	1 213
Total borrowings falling due within one year	**2 787**	2 085
Trade creditors	**1 243**	1 227
Corporation taxes	**513**	359
Social security	**1**	–
Other taxes	**110**	117
Other creditors and accruals	**1 081**	768
Deferred income	**92**	258
Dividends payable	**402**	421
	6 229	5 235

(a) In accordance with FRS4 ‘Capital Instruments’, all commercial paper is classified as short-term borrowings though it is backed by medium term facilities. Under US and Australian GAAP, this amount would be grouped with non-current borrowings at 30 June 2002. The maturity of US$849 million of the commercial paper included above as due within one year can be extended beyond one year at the Group’s option.

NOTE 20. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 **US$M**	2001 US$M
Unsecured bank loans	**1 354**	2 534
Total non-current portion of bank loans	**1 354**	2 534
Debentures	**2 452**	2 159
Secured debt (limited recourse) (a)	**414**	346
Unsecured debt (non-recourse)	**613**	583
Redeemable preference shares (b)	**450**	534
Finance leases	**33**	53
Other unsecured borrowings	**218**	312
Total non-current portion of debentures and other borrowings	**4 180**	3 987
Total borrowings falling due after more than one year	**5 534**	6 521
Trade creditors	**10**	17
Other creditors	**111**	127
Corporation taxes	**13**	25
Deferred income	**319**	364
	5 987	7 054

(a) The limited recourse secured debt relates to the Mozal joint arrangement. The debt is secured by a charge over the assets of this joint arrangement and the lender has recourse to only those assets in the event of default. The BHP Billiton Group's share of these obligations are guaranteed by BHP Billiton Plc until such time as the project reaches financial completion.

(b) Redeemable preference shares include the following:

BHP Operations Inc: Preferred stock

Auction market preferred stock

600 (2001: 600) 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. Guaranteed by other BHP Billiton Group companies.

Cumulative preferred stock series 'A'

3 000 (2001: 3 000) shares issued at US$100 000 each, fixed at 6.76 per cent 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. Guaranteed by other BHP Billiton Group companies.

BHP Billiton SA Ltd

Nil (2001: 700) shares of rand 0.01 nominal value were issued for rand 1 million each by a South African subsidiary and were redeemable between two and five years from issue. Company law in South Africa and the contractual arrangements relating to these shares are such that under generally accepted accounting principles in the United Kingdom, these shares were included in creditors with the dividends being included in interest and similar items. The preference shares paid a dividend at the rate of 72 per cent of prime overdraft rate, were denominated in South African rand, and the holders' rights were subordinated to those of debt holders in the issuer. The shares were partially redeemed in March 2002 with the remainder being redeemed in April 2002.

Beswick Pty Ltd: 'A' Redeemable preference shares

Nil (2001: 700 000) shares, issued at A$1 000 each, fully paid; rebateable, cumulative dividend of 11 per cent per annum; non-participating. The BHP Billiton Group held options to purchase these shares, subject to certain conditions. The shares were redeemed on 28 September 2001 for A$1 000 per share.

NOTE 20. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR continued

	Repayable	Currency	Interest rate %	**2002 US$M**	2001 US$M
Debt falling due after 5 years is analysed as follows:					
Long-term borrowing – floating rate	2009 – 2011	US$	LIBOR	**50**	50
US$ Bond issue	2007	US$	7.5% fixed	**12**	34
US$ Bond issue	2012 – 2016	US$	7.5% fixed	**750**	750
Long-term borrowing	2006	MYR	7% reviewed quarterly	**–**	5
Long-term borrowing	2020	US$	6.35% fixed	**22**	22
Escondida	2008 – 2013	US$	8.3% fixed	**29**	42
Medium term notes	2008	A$	LIBOR+0.78%	**391**	–
Rio Algom Preferred Securities	2047	US$	9.4% fixed	**150**	150
Long-term borrowing	2030	US$	LIBOR	**82**	53
Richards Bay Coal Terminal loan	2015	ZAR	interest free	**23**	28
Eskom loan	2017	ZAR	12.8% fixed	**46**	45
Eskom loan	2017	ZAR	interest free	**–**	77
Mozal – Senior loans	2012 – 2014	US$	7-8% fixed	**210**	201
Mozal – Senior loans	2012	US$	LIBOR+4%	**52**	35
Mozal – Subordinated loan	2012	US$	8.46% fixed	**34**	–
CMSA Barclays facility	2007	US$	LIBOR+6%	**–**	39
Chrome Alloys long-term borrowing	2015	ZAR	JIBAR+1.4%	**46**	–
Other		various	various	**27**	35
				1 924	1 566

For maturity profile of financial liabilities see note 30, Liquidity exposures. For the purpose of that disclosure, financial liabilities include total borrowings falling due within one year US$2 787 million (2001: US$2 085 million), total borrowings falling due after more than one year US$5 534 million (2001: US$6 521 million) and other creditors falling due after more than one year, payable in cash, of US$17 million (2001: US$24 million).

NOTE 21. PROVISIONS FOR LIABILITIES AND CHARGES

	Employee Entitlements (a) US$M	Restructuring (b) US$M	Resource rent tax US$M	Site Rehabilitation (c) US$M	Post retirement medical benefits (note 28) US$M	Deferred tax US$M	Other US$M	**Total US$M**
At 1 July 2001	**603**	**499**	**195**	**1 048**	**144**	**1 340**	**190**	**4 019**
Amounts capitalised	**–**	**–**	**–**	**430**	**–**	**–**	**–**	**430**
Disposals	**(16)**	**–**	**–**	**(93)**	**(30)**	**(46)**	**(6)**	**(191)**
Charge/(credit) for the year	**354**	**26**	**22**	**–**	**2**	**261**	**90**	**755**
Released during the year	**–**	**(13)**	**–**	**(57)**	**–**	**–**	**(15)**	**(85)**
Discounting	**–**	**–**	**–**	**42**	**–**	**–**	**–**	**42**
Exchange variation	**21**	**9**	**2**	**6**	**–**	**32**	**2**	**72**
Utilisation	**(262)**	**(118)**	**(6)**	**(45)**	**(12)**	**–**	**(38)**	**(481)**
Transfers and other movements	**(59)**	**(278)**	**1**	**282**	**111**	**–**	**36**	**93**
At 30 June 2002	**641**	**125**	**214**	**1 613**	**215**	**1 587**	**259**	**4 654**
At 1 July 2000	750	553	284	861	105	1 637	152	4 342
Amounts capitalised	–	–	–	170	–	–	–	170
Disposals	(74)	(9)	–	(13)	–	(31)	(5)	(132)
On acquisition of subsidiaries	1	–	–	68	41	89	7	206
Charge/(credit) for the year	194	48	40	39	6	(217)	415	525
HBI Venezuela guarantee (refer notes 2 and 15)	–	–	–	–	–	–	(310)	(310)
Discounting	–	–	–	39	–	–	–	39
Exchange variation	(75)	(26)	(100)	(76)	–	(138)	(12)	(427)
Utilisation	(193)	(67)	(29)	(40)	(8)	–	(57)	(394)
At 30 June 2001	603	499	195	1 048	144	1 340	190	4 019

(a) The provision for employee entitlements includes applicable amounts for annual leave and associated on-costs. It is anticipated expenditure of approximately US$304 million will be incurred in the year ending 30 June 2003.

(b) Restructuring provisions include costs for redundancies, site rehabilitation, business terminations and associated contract cancellations.

(c) Provision is made for site rehabilitation and decommissioning costs relating to a number of BHP Billiton Group companies. These are expected to be incurred over the next 30 years. The provision is calculated on the basis of the discounted value of the amounts estimated to be spent at the end of the life of the operations. Refer note 32: Contingent liabilities for additional details regarding site rehabilitation. The estimated total site rehabilitation cost (undiscounted) to be incurred in the future arising from operations to date, and including amounts already provided for, is US$2 863 million (2001: US$2 166 million).

NOTE 22. CALLED UP SHARE CAPITAL AND CONTRIBUTED EQUITY

	2002 US$M	2001 US$M	2000 US$M
BHP Billiton Plc			
Authorised share capital			
3 000 000 000 ordinary shares of US$0.50 each (2001: 3 000 000 000; 2000: 3 000 000 000)	**1 500**	1 500	1 500
50 000 (2001: 50,000; 2000: 50 000) 5.5% preference shares of £1 each (a)	**–**	–	–
1 Special Voting Share (2001: 1; 2000: nil) of US$0.50 (b)	**–**	–	–
1 Equalisation Share (2001: 1; 2000: nil) of US$0.50 (c)	**–**	–	–
	1 500	1 500	1 500
Allotted, called up and fully paid share capital			
2 319 147 885 ordinary shares of US$0.50 each (2001: 2 319 147 885; 2000: 2 138 032 287)	**1 160**	1 160	1 069
50 000 (2001 – 50 000; 2000: 50 000) 5.5% preference shares of £1 each (a)	**–**	–	–
1 Special Voting Share (2001: 1; 2000: nil) of US$0.50 (b)	**–**	–	–
	1 160	1 160	1 069

	Number of shares		
	2002	2001	2000
Movements in ordinary called up fully paid shares			
Opening number of shares	**2 319 147 885**	2 138 032 287	2 138 032 287
Shares issued under ordinary share placement (d)	**–**	181 115 598	–
Closing number of shares	**2 319 147 885**	2 319 147 885	2 138 032 287

NOTE 22. CALLED UP SHARE CAPITAL AND CONTRIBUTED EQUITY continued

	2002	2001	2000
	US$M	US$M	US$M
BHP Billiton Limited			
Paid up contributed equity (e) (f)			
3 724 893 687 ordinary shares fully paid (2001: 3 704 256 885; 2000: 1 781 493 241)	**3 143**	3 039	4 260
320 000 ordinary shares paid to 71 Australian cents (2001: 385 000; 2000: 415 000) (g) (h)	**–**	–	–
2 305 000 ordinary shares paid to 67 Australian cents (2001: 3 656 500; 2000: 6 286 500) (g) (h)	**–**	–	–
1 Special Voting Share (2001: 1; 2000: nil) (b)	**–**	–	–
	3 143	3 039	4 260

		Number of shares	
	2002	2001	2000
Movements in ordinary fully paid shares			
Opening number of shares	**3 704 256 885**	1 781 493 241	1 742 907 069
Shares issued under Dividend Investment Plan (i)	**–**	–	21 234 886
Shares issued under Bonus Share Plan (i)	**–**	–	3 718 755
Shares issued on exercise of Employee Share Plan options (j)	**22 955 508**	7 798 200	9 309 031
Shares issued on exercise of Performance Rights	**–**	150 920	75 000
Bonus shares issued (f)	**–**	1 912 154 524	–
Partly paid shares converted to fully paid (g)	**1 815 916**	2 660 000	4 248 500
Shares bought back and cancelled (k)	**(4 134 622)**	–	–
Closing number of shares (l)	**3 724 893 687**	3 704 256 885	1 781 493 241

(a) Preference shares have the right to repayment of the amount paid up on the nominal value and any unpaid dividends in priority to the holders of any other class of shares in BHP Billiton Plc on a return of capital or winding up. The holders of preference shares have limited voting rights if payment of the preference dividends are six months or more in arrears or a resolution is passed changing the rights of the preference shareholders. Since the merger these shares have been held by BHP Billiton Limited.

(b) Each of BHP Billiton Plc and BHP Billiton Limited issued one Special Voting Share to facilitate joint voting by shareholders of BHP Billiton Plc and BHP Billiton Limited on Joint Electoral Actions.

(c) The Equalisation Share was authorised to enable a distribution to be made by BHP Billiton Plc to the BHP Billiton Limited Group should this be required under the terms of the DLC merger. The Directors have the ability to issue the Equalisation Share if required under those terms. The Constitution of BHP Billiton Limited allows the Directors of that Company to issue a similar equalisation share.

(d) In September 2000, 235 000 000 ordinary shares were placed at a price of 265 pence per share. The placing comprised 181 115 598 new shares and 53 884 402 shares held under the share repurchase scheme.

(e) Contributed equity reduced by US$650 million due to the spin-out of OneSteel Limited, including spin-out costs of US$30 million. This reflected a capital reduction of 66 Australian cents 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.

(f) The DLC merger between BHP Billiton Plc and BHP Billiton Limited was established on 29 June 2001. Under the terms of the DLC merger BHP Billiton Limited issued fully paid bonus shares effective 29 June 2001 with the allotment of shares occurring on 9 July 2001. Refer to Merger Terms in ‘ Dual Listed Companies Structure and Basis of Preparation of Financial Statements’.

(g) 65 000 (2001: 30 000; 2000: 415 000) shares paid to 71 cents and 1 351 500 (2001: 2 630 000; 2000: 3 833 500) shares paid to 67 Australian cents were converted to fully paid during 2002. There were no partly paid shares issued during the year (2001: nil; 2000: nil). Including bonus shares, 1 815 916 shares were issued on conversion of these partly paid shares. 650 000 (2001: 1 025 000) partly paid shares are entitled to 692 315 (2001: 1 091 728) bonus shares on becoming fully paid.

(h) As a consequence of the OneSteel Limited spin-out an instalment call of 66 Australian cents per share (pre bonus issue) was made on partly paid shares which was then immediately replaced by application of the capital reduction.

(i) 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 2000 were issued at a discount of 2.5 per cent 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.

(j) The number of shares issued on options exercised after 7 July 2001 includes bonus shares.

(k) During the year ended 30 June 2002, BHP Billiton Limited repurchased 4 134 622 shares at a weighted average price of A$8.83 per share, in accordance with its announced share buy-back program. The buy-back program allows for the purchase of up to 186 million BHP Billiton Limited shares (adjusted for the bonus issue), less the number of BHP Billiton Plc shares purchased on-market by Nelson Investment Limited.

(l) During the period 1 July 2002 to 2 September 2002, 1 283 554 Executive Share Scheme partly paid shares were paid up in full, 3 561 997 fully paid ordinary shares (including attached bonus shares) were issued on the exercise of Employee Share Plan options and 918 120 fully paid ordinary shares (including attached bonus shares) were issued on the exercise of Performance Share Plan Performance Rights.

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS

Summary of BHP Billiton Group employee share ownership plans

The following table is a summary of the employee share ownership plans and employee share awards of BHP Billiton Limited and BHP Billiton Plc. The subsequent tables and associated footnotes provide more information in relation to that contained in the summary table.

	Number of awards outstanding at 30 June 2002	Number of awards issued during year ended 30 June 2002	Fair value of an award issued during year ended 30 June 2002 US$
Restricted Share Scheme	**5 028 614**	**5 316 014**	**1.65**
Co-Investment Plan	**940 006**	**961 642**	**2.63**
Employee Share Plan (shares)	**45 827 460**	**–**	**–**
Employee Share Plan (options)	**60 944 303**	**14 077 500**	**1.22**
Executive Share Scheme	**3 317 315**	**–**	**–**
Performance Right (LTI)	**9 379 187**	**4 933 000**	**1.86**
Performance Right (MTI)	**222 892**	**222 892**	**2.97**
Bonus Equity Plan	**957 035**	**957 035**	**4.76**

BHP Billiton Plc share awards

The following tables relate to awards issued under the BHP Billiton Plc Restricted Share Scheme and Co-Investment Plan.

	Restricted Share Scheme (a)			Co-Investment Plan (b)		
	2002	2001	2000	**2002**	2001	2000
Number of awards issued since commencement of the Plan (c)	**5 316 014**			**961 642**		
Number of awards remaining under the Plan	**5 028 614**			**940 006**		
During the period						
Awards issued	**5 316 014**			**961 642**		
Participating employees	**239**			**126**		
Average issue/exercise price (£)	**–**			**–**		
Market value of issues (US$ million) (d)	**–**			**–**		
Proceeds from issues (US$ million)	**–**			**–**		
Shares issued on exercise of awards	**–**			**–**		
Employees exercising awards	**8**			**2**		
Market value of shares on exercise of awards (US$ million)	**–**			**–**		

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

						Awards outstanding at:			
Month of issue	Number issued	Number of recipients	Number exercised	Shares issued on exercise	Number lapsed	Balance date	Date of Directors' Report	Exercise price £	Exercise period/ release date
Restricted Share Scheme (a) (o)									
November 2001(Share awards)	274 914	1	–	–	–	274 914	274 914	–	8 Nov 2004
October 2001 (Share awards)	4 178 100	197	51 320	51 320	222 880	3 903 900	3 681 200	–	1 Oct 2004
October 2001 (Options)	863 000	41	1 833	1 833	11 367	849 800	818 600	–	Oct 2004 – Sept 2008
						5 028 614	4 774 714		
Co-Investment Plan (b) (o)									
November 2001	94 851	1	–	–	–	94 851	94 851	–	Nov 2003 – Apr 2006
October 2001	866 791	125	6 131	6 131	15 505	845 155	753 455	–	Oct 2003 – Mar 2006
						940 006	848 306		

	2002		2001		2000	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Restricted Share Scheme awards						
Outstanding at start of period (c)	**–**					
Granted during the period	**5 316 014**					
Exercised during the period	**(53 153)**					
Lapsed during the period	**(234 247)**					
Outstanding at end of period	**5 028 614**					
Exercisable	**–**					
Not exercisable	**5 028 614**					
Co-Investment Plan awards						
Outstanding at start of period (c)	**–**					
Granted during the period	**961 642**					
Exercised during the period	**(6 131)**					
Lapsed during the period	**(15 505)**					
Outstanding at end of period	**940 006**					
Exercisable	**–**					
Not exercisable	**940 006**					

NOTE 23 EMPLOYEE SHARE OWNERSHIP PLANS continued

BHP Billiton Limited employee share awards

The following tables relate to shares and options issued under the BHP Billiton Limited Employee Share Plan, shares under the Bonus Equity Plan, Performance Rights issued under the BHP Performance Share Plan, and partly paid shares issued under the Executive Share Scheme. Unless otherwise indicated details of the Plans, including comparatives, are presented including, where applicable, a bonus element to which the participant became entitled with effect from 29 June 2001, as a result of the DLC merger.

	Employee Share Plan (f)					
	Shares			Options		
	2002	2001	2000	**2002**	2001	2000
Number of shares and options issued since commencement of the Plan	**373 745 102**	373 745 102	373 745 102	**177 965 075**	163 887 575	148 643 007
Number of shares and options remaining under the Plan	**45 827 460**	62 781 518	87 469 376	**60 994 303**	74 588 800	87 217 403
Loans outstanding (US$ million) (g)	**135**	166	305			
During the period						
Shares and options issued	**–**	–	–	**14 077 500**	15 244 568	2 158 030
Participating employees				**266**	367	20
Average issue/exercise price (A$)				**8.98**	9.13	8.79
Market value of issues (US$ million) (d)				**–**	–	–
Proceeds from issues (US$ million)				**–**	–	–
Shares issued on exercise of options				**22 955 508**	16 104 063	19 224 080
Employees exercising options				**12 081**	9 431	8 562
Market value of shares on exercise of options (US$ million)				**132**	84	105
Proceeds from exercise of options (US$ million)				**94**	65	99

	Executive Share Scheme partly paid shares (h)			Performance Rights (i)(j)(k)		
	2002	2001	2000	**2002**	2001	2000
Number of shares and Performance Rights issued since commencement of the Plans	**50 529 280**	50 529 280	50 529 280	**11 827 871**	6 671 979	2 141 100
Number of shares and Performance Rights remaining under the Plans	**3 317 315**	5 133 231	8 576 076	**9 602 079**	5 815 538	1 712 879
During the period						
Shares and Performance Rights issued	**–**	–	–	**5 155 892**	4 530 879	–
Participating employees				**118**	115	–
Average issue price (A$)				**–**	–	–
Market value of issues (US$ million) (d)				**–**	–	–
Proceeds from issues (US$ million)				**–**	–	–
Shares issued on exerciseof Performance Rights (k)				**–**	311 665	154 883
Employees exercising Performance Rights				**21**	1	1
Market value of shares on exercise of Performance Rights (US$ million)				**6**	2	1

	Bonus Equity Share Plan (l)		
	2002	2001	2000
Number of awards issued since commencement of the Plan	**957 035**	–	–
Number of awards remaining under the plan	**957 035**	–	–
During the period			
Awards issued	**957 035**	–	–
Participating employees	**117**	–	–
Average issue price (A$)	**–**	–	–
Market value of issues (US$ million) (d)	**–**	–	–
Proceeds from issues (US$ million)	**–**	–	–

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

						Awards outstanding at:			
Month of issue	Number issued	Number of recipients	Number exercised (m)	Shares Issued on exercise	Number lapsed	Balance date	Date of Directors' Report	Exercise price A$(n)	Exercise Period
Employee Share Plan options									
November 2001	6 870 500	113	–	–	52 521	6 817 979	6 674 527	$8.99	Oct 2004 – Sept 2011
November 2001	7 207 000	153	8 034	8 034	175 384	7 023 582	6 940 770	$8.98	Oct 2004 – Sept 2011
December 2000	3 444 587	67	25 000	51 627	–	3 392 960	3 377 527	$9.41	July 2003 – Dec 2010
December 2000	2 316 010	59	110 500	228 194	86 734	2 001 082	1 906 765	$9.40	July 2003 – Dec 2010
November 2000	1 719 196	44	30 000	61 953	111 515	1 545 728	1 531 139	$8.97	July 2003 – Oct 2010
November 2000	7 764 776	197	320 500	661 864	48 530	7 054 382	6 874 443	$8.96	July 2003 – Oct 2010
April 2000	61 953	3	–	–	–	61 953	61 953	$8.29	April 2003 – April 2010
April 2000	937 555	5	–	–	138 362	799 193	799 193	$8.29	April 2003 – April 2010
December 1999	413 020	1	–	–	–	413 020	413 020	$9.30	April 2002 – April 2009
December 1999	309 765	1	–	–	–	309 765	309 765	$8.19	April 2002 – April 2009
October 1999	123 906	6	25 000	51 628	20 651	51 627	–	$8.26	April 2002 – April 2009
October 1999	105 320	3	2 000	4 130	30 977	70 213	70 213	$8.26	April 2002 – April 2009
July 1999	206 510	1	–	–	–	206 510	206 510	$8.29	April 2002 – April 2009
April 1999	44 474 822	45 595	3 630 400	7 498 797	19 586 026	17 389 999	15 548 345	$7.62	April 2002 – April 2009
April 1999	16 901 398	944	1 671 500	3 451 816	6 226 585	7 222 997	6 655 095	$7.61	April 2002 – April 2009
April 1998	366 555	16	67 500	139 394	–	227 161	216 836	$7.14	April 2001 – April 2003
April 1998	289 114	23	104 500	215 802	10 326	62 986	62 986	$7.13	April 2001 – April 2003
November 1997	3 261 619	3 501	1 022 900	2 112 389	611 271	537 959	472 082	$7.53	Nov 2000 – Nov 2002
November 1997	16 336 800	16 411	6 238 950	12 882 403	2 314 255	1 140 142	1 027 181	$7.53	Nov 2000 – Nov 2002
October 1997	11 234 144	511	4 192 934	8 658 827	109 451	2 465 866	2 061 106	$7.42	Oct 2000 – Oct 2002
October 1997	8 243 879	379	2 874 064	5 935 229	310 798	1 997 852	1 698 413	$7.42	Oct 2000 – Oct 2002
July 1997	413 020	1	200 000	413 020	–	–	–	$9.18	July 2000 – July 2002
July 1997	816 747	36	228 500	471 875	143 525	201 347	–	$9.19	July 2000 – July 2002
October 1996	1 751 411	46	645 000	1 331 989	419 422	–	–	$7.53	Oct 1999 – Oct 2001
October 1996	2 244 144	66	1 047 200	2 162 572	81 572	–	–	$7.53	Oct 1999 – Oct 2001
						60 994 303	56 907 869		

presented in US dollars and prepared in accordance with UK GAAP

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

Month of issue	Number issued	Number of recipients	Number exercised (m)	Shares Issued on exercise	Number lapsed	Awards outstanding at: Balance date	Awards outstanding at: Date of Directors' Report	Exercise price A$(n)	Exercise Period
Performance Rights (o)									
November 2001 (LTI) (i)	4 770 800	110	8 610	8 610	102 990	4 659 200	4 508 031	–	Oct 2004 – Sept 2011
October 2001 (LTI) (i)	162 200	2	–	–	–	162 200	162 200	–	Oct 2004 – Sept 2011
October 2001(MTI) (j)	222 892	6	–	–	–	222 892	222 892	–	Oct 2003 – Mar 2006
December 2000 (LTI) (i)	387 601	11	–	–	–	387 601	387 601	–	July 2003 – Dec 2010
November 2000 (LTI) (i)	4 143 278	104	372 611	769 479	113 581	3 260 218	2 718 966	–	July 2003 – Oct 2010
March 1999 (LTI) (i)	2 141 100	1	575 000	1 231 132	–	909 968	–	–	Mar 1999 – Mar 2009
						9 602 079	7 999 690		
Bonus Equity Plan awards (l)									
November 2001	957 035	117	–	–	–	957 035	944 138	–	Nov 2004 – Oct 2006

presented in US dollars and prepared in accordance with UK GAAP

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

	2002 Number	**Weighted average exercise price A$**	2001 Number	Weighted average exercise price A$	2000 Number	Weighted average exercise price A$
Employee Share Plan options						
Outstanding at start of period	**74 588 800**	**7.92**	87 217 403	7.92	127 815 307	8.13
Granted during the period	**14 077 500**	**8.98**	15 244 568	9.13	2 158 030	8.79
Exercised during the period (e)	**(22 946 098)**	**7.66**	(16 104 063)	7.59	(18 127 299)	8.69
Lapsed during the period	**(4 725 899)**	**7.78**	(11 769 108)	7.73	(24 628 635)	8.53
Outstanding at end of period	**60 994 303**	**8.29**	74 588 800	7.92	87 217 403	7.92
Exercisable	**32 297 444**	**7.62**	18 643 279	7.54	3 156 247	8.00
Not exercisable	**28 696 859**	**9.04**	55 945 521	8.06	84 061 156	7.92
Performance Rights						
Outstanding at start of period	**5 815 538**		1 712 879		2 087 572	
Granted during the period	**5 155 892**		4 530 879		–	
Exercised during the period	**(1 152 780)**		(428 220)		(374 693)	
Lapsed during the period	**(216 571)**		–		–	
Outstanding at end of period	**9 602 079**		5 815 538		1 712 879	
Exercisable	**53 529**		–		–	
Not exercisable	**9 548 550**		5 815 538		1 712 879	
Bonus Equity Plan awards	**–**		–		–	
Outstanding at start of period	**–**		–		–	
Granted during the period	**957 035**		–		–	
Exercised during the period	**–**		–		–	
Lapsed during the period	**–**		–		–	
Outstanding at end of period	**957 035**		–		–	
Exercisable	**–**		–		–	
Not exercisable	**957 035**		–		–	

Fair valuation of employee share awards

Fair valuation of awards as presented below represents the value of awards issued under employee ownership plans of BHP Billiton Plc and BHP Billiton Limited. The values relate to the awards granted during the period and are measured at grant date.

	2002 **US$**	2001 US$	2000 US$
Fair value of a Restricted Share Scheme award	**1.65** (p)		
Fair value of a Co-Investment Plan matching award	**2.63** (p)		
Fair value of an Employee Share Plan option	**1.22** (p)	1.61 (p)	(q)
Fair value of a Performance Right (LTI)	**1.86** (p)	3.70 (p)	
Fair value of a Performance Right (MTI)	**2.97** (p)		
Fair value of a Bonus Equity Plan award	**4.76** (r)		

presented in US dollars and prepared in accordance with UK GAAP

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

The 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:

	2002	2001	2000
Restricted Share Scheme awards (p)			
Risk free interest rate	**4.8%**		
Estimated life of awards	**5 years** (s)		
Estimated volatility of share price	**20.0%**		
Dividend yield	**2.2%**		
Co-Investment Plan matching awards (p)			
Risk free interest rate	**4.6%**		
Estimated life of awards	**4 years** (s)		
Estimated volatility of share price	**20.0%**		
Dividend yield	**2.2%**		
Employee Share Plan options (p)			
Risk free interest rate	**4.8%**	6.6%	(q)
Estimated life of options	**5 years** (s)	10 years (s)	(q)
Estimated volatility of share price	**20.0%**	30.3%	(q)
Estimated amount of dividends per share		A$0.247	(q)
Dividend yield	**2.2%**		
Performance Rights (LTI)			
Risk free interest rate	**4.8%**	6.6%	
Estimated life of Performance Rights	**5 years** (s)	10 years (s)	
Estimated volatility of share price	**20.0%**	30.3%	
Estimated amount of dividends per share		A$0.247	
Dividend yield	**2.2%**		
Performance Rights (MTI)			
Risk free interest rate	**4.6%**		
Estimated life of Performance Rights	**4 years** (s)		
Estimated volatility of share price	**20.0%**		
Dividend yield	**2.2%**		

(a) Awards under the Restricted Share Scheme (RSS) were made at the discretion of the Trustees of the Billiton Employee Share Ownership Trust or by BHP Billiton Plc. In respect of the Executive Directors, awards are made on the recommendation of the Remuneration Committee and, in the case of other employees, the Remuneration Committee recommends the level of award following proposals from the Executive Committee. Awards are normally made annually in the six weeks after the announcement of the annual or interim results. In 2001, Mr Gilbertson's awards were made after shareholder approval at the AGM in October 2001. An award takes the form of conditional awards or share options in BHP Billiton Plc and was made subject to performance conditions that are set by the Remuneration Committee. The Remuneration Committee also recommends the value of the ordinary shares to be comprised in an award and this value does not exceed 100 per cent of a participant's annual base salary.

Subject to the performance conditions being met and the extent to which they are met, the award/option will vest and the participant will become absolutely entitled to the appropriate number of ordinary shares (if any), or if relevant, entitled to exercise options over the relevant number of ordinary shares subject to paying over to the Trust or to BHP Billiton Plc any tax liability arising on the vesting of the award/option. The Employee Share Ownership Trust is a discretionary Trust for the benefit of all employees of BHP Billiton Plc and its subsidiaries. The Trustee is an independent company, resident in Jersey. The Trust uses funds provided by BHP Billiton Plc and/or its subsidiaries as appropriate to acquire ordinary shares to enable awards to be made or satisfied under the RSS. The ordinary shares may be acquired by purchase in the market or by subscription at not less than nominal value.

If prior to vesting of an award, a participant ceases to be employed because of resignation or termination for cause, that award will lapse. If a participant ceases to be employed for any other reason, then either all or a proportion of the award will become exercisable depending on the circumstances of cessation.

Awards were made in October 2001 and November 2001 upon the following terms:

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

(i) the performance condition compares BHP Billiton Plc's total shareholder return (TSR) over the performance period with a global comparator group of companies over the same period.
(ii) awards will vest by reference to the relative position of BHP Billiton Plc's TSR compared to the global comparator group of companies.

(iii) if the performance hurdles are not achieved by the end of a three-year period, then 75 per cent of the award lapses. The performance hurdles are measured again at 30 September 2005 and 30 September 2006 and, if the hurdles are not achieved, then the remaining 25 per cent of the award lapses.
(iv) in addition to the measure against the global comparator group of companies, the awards are subject to an underlying absolute measure. In order for the awards to be capable of vesting, the percentage increase in BHP Billiton Plc's TSR over the relevant performance period must be equal to or in excess of 2 per cent per annum over the UK Retail Price Index.
(v) the amount of shares that vest under the RSS will not be greater than the amount of Performance Rights that can be exercised under the BHP Billiton Limited Performance Share Plan (PSP). The performance hurdles under the PSP are calculated on the same basis as those described above, but using the BHP Billiton Limited TSR compared to the TSR of the same global comparator group, and the Australian Consumer Price Index as the basis for the absolute measure. Refer footnote (i) below.
(vi) awards are not transferable. Awards carry no right to dividends and no voting rights.

(b) Invitations to participate in the Co-Investment Plan (CIP) are made to selected employees (including Executive Directors) of the BHP Billiton Plc Group. The selected employees are asked to indicate the proportion of their discretionary annual bonus for the current financial year they wish to invest in the CIP subject to the minimum and maximum investment limits set by the Remuneration Committee. Within those limits, part of the bonus that would otherwise have been paid in cash is used to acquire ordinary shares in BHP Billiton Plc. These are known as committed shares.
Each invitee who acquired committed shares was also granted an award (a matching award) over shares in BHP Billiton Plc. Matching awards are normally granted during the 42-day period commencing on the day on which BHP Billiton Plc releases its results for any financial period. In 2001, Mr Gilbertson's awards were made after shareholder approval at the AGM in October 2001. The matching award entitles the participant to acquire a number of shares in BHP Billiton Plc for nil consideration, subject to the satisfaction of performance conditions and the continuing employment of the participant. If prior to vesting of a matching award, a participant ceases to be employed because of resignation or termination for cause, the participant's committed shares will be forfeited and the related matching award will also lapse and cease to be exercisable. If a participant ceases to be employed for any other reason, then the entire committed share vests and either all or a proportion of the matching award relevant for the period of cessation will vest, depending on the circumstances of cessation.
Awards were made in October 2001 and November 2001 upon the following terms:
(i) the performance condition compares BHP Billiton Plc's TSR over the performance period with a global comparator group of companies over the same period.
(ii) awards will vest by reference to the relative position of BHP Billiton Plc's TSR compared to the global comparator group of companies.
(iii) the vesting of matching awards is determined by reference to two performance periods. The first performance period is two years in length. If the performance hurdles are achieved at the end of the first performance period, the corresponding number of shares under matching award will vest. At this time the participant has the option to remain within the plan and enter the second performance period or leave the plan. Should the participant leave the plan at the end of the first performance period, committed shares are released together with any shares under the matching award that may have vested. All remaining shares under the matching award lapse.
(iv) the second performance period is a further two years. At the end of this two-year period, subject to continuing employment, committed shares will be released and a number of shares subject to a matching award will vest to the extent the performance condition is met. If the performance condition has not been met at the end of the second performance period no additional shares under the matching award will vest. However, any shares that vested under the matching award for the first performance period may be exercised and the remaining shares under the matching award that have not vested will lapse.
(v) in addition to the measure against the global comparator group of companies, the awards are subject to an underlying absolute measure. In order for the awards to be capable of vesting, the percentage increase in BHP Billiton Plc's TSR over the relevant performance period must be equal to or in excess of 2 per cent per annum over the UK Retail Price Index.
(vi) the amount of shares under the matching award that vest cannot be greater than matching awards that vest under the BHP Billiton Limited Medium Term Incentive (MTI) plan. The performance hurdles under the MTI are calculated on the same basis as those described above, but using the BHP Billiton Limited TSR compared to the TSR of the same global comparator group, and the Australian Consumer Price Index as the basis of the absolute measure. Refer footnote (j) below.
(vii) awards are not transferable. Awards carry no right to dividends and no voting rights.
Awards issued as presented in the preceding tables represents both committed awards and matching awards.

(c) All awards issued under the RSS prior to June 2001 vested as a consequence of the DLC merger. Data as presented reflects awards granted after consummation of the merger only.

(d) Options, Performance Rights and awards issued under the Bonus Equity Plan, RSS and CIP are not transferable nor are they listed and as such do not have a market value. Refer footnote (p) for estimated fair values.

(e) The number of shares issued on exercise of options is reported inclusive of a bonus element in relation to the 29 June 2001 bonus issue. The number of shares issued on exercise of options for the year ended 30 June 2002 does not agree with the number of shares issued as reported in note 22 in circumstances where application of the bonus factor of 1.0651 would result in an entitlement to less than one whole share. In such cases, in accordance with the rules of the plan, an additional share is issued to the holder of the option.

(f) The Employee Share Plan provides eligible employees of BHP Billiton Limited Group 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. If prior to vesting of an option, a participant ceases to be employed because of resignation or termination for cause, that option will lapse. If a participant ceases to be employed for any other reason, then either all or a proportion of the options will become exercisable depending on the circumstances of cessation.
Shares and options are issued under the Employee Share Plan on the following terms:

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

(i) the limit on the number of shares and outstanding options or other rights issued under the Plan is 8 per cent of issued ordinary capital.
(ii) 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 per cent.
(iii) 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 per cent.
(iv) 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.
(v) at cessation of employment an extension of the loan repayment period may be granted if the outstanding loan is in a non profitable position or if immediate payment may cause unnecessary hardship to the employee. The extension will be reviewed periodically. If during the extension period the shares become profitable or the circumstances causing the hardship no longer apply, BHP Billiton Limited will require repayment of the loan or arrange for the sale of those shares.
(vi) each option is granted over one unissued share in BHP Billiton Limited. Following the bonus issue allotment on 9 July 2001, on exercise of each option outstanding as at 29 June 2001, 2.0651 shares are issued. Although exercise price is unaffected by the bonus share issue, data presented in the preceding tables has been adjusted to reflect the impact of the bonus issue on both the exercise price and the number of shares issued on exercise of options.
(vii) the Board of Directors may apply performance hurdles to the exercise of options.
(viii) 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 comparator groups (ASX 100 index and a global comparator group). The BHP Billiton Limited Group's performance in terms of TSR is measured against both of these groups to determine if performance hurdles have been achieved.
(ix) 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. BHP Billiton Limited's performance in terms of TSR 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.
(x) options granted in October 2001 do not become exercisable until after 30 September 2004 and then only if performance hurdles are achieved. These performance hurdles relate to the ASX 100 index. BHP Billiton Limited's performance in terms of TSR is measured against this group of companies to determine if the performance hurdles have been achieved. If the hurdles are not achieved by 30 September 2004, then 75 per cent of the options lapse. The TSR measurement is taken again at 30 September 2005 and 30 September 2006 and, if the hurdles are not achieved, the remaining 25 per cent of the options lapse. If the options are exercisable, they lapse on 30 September 2011.
(xi) options are not transferable. Options carry no right to dividends and no voting rights.
(xii) unexercised options will expire at the end of the exercise period.

(g) Classified on the balance sheet as other debtors.
(h) The Executive Share Scheme provided for senior executives to acquire partly paid ordinary shares in BHP Billiton Limited. Partly paid shares issued under the Executive Share Scheme were issued on the following terms:
(i) only full-time executive employees (including Executive Directors) were eligible. Any eligible executive who continues to participate in the Employee Share Plan is ineligible to participate in the Executive Share Scheme.
(ii) the limit on the number of shares under the Scheme is 2 per cent of issued ordinary capital.
(iii) shares are offered at an issue price determined by Directors which is not less than a 10 per cent discount nor more than a 10 per cent premium on the appropriate market price.
(iv) 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.
(v) 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.
(vi) there is no entitlement to dividends on the Scheme shares while they remain partly paid, unless Directors decide otherwise.
(vii) 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. These bonus shares are held in escrow until the Scheme shares are fully paid.
(viii) 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. Data as presented in the preceding tables has been adjusted to reflect the impact of the bonus issue which resulted from the DLC merger.
(ix) voting rights attach in proportion to the amount paid up. Full voting rights apply when the shares are fully paid.
(i) Performance Rights have been issued to executive officers under the BHP Billiton Limited Performance Share Plan as long-term incentives (LTI). 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. If prior to vesting of a Performance Right, a participant ceases to be employed because of resignation or termination for cause, the Performance Right will lapse. If a participant ceases to be employed for any other reason, then either all or a proportion of the Performance Rights will become exercisable depending on the circumstances of cessation.
In addition to the above, Performance Rights are currently issued on the following terms:
(i) a Performance Right entitles the beneficiary to one fully paid share in BHP Billiton Limited. The number of shares received on exercise of Performance Rights issued in March 1999 have been increased following the spin-out of OneSteel Limited to reflect the capital reduction impact on the value of BHP Billiton Limited shares. In addition, the number of shares received on exercise of Performance Rights on issue as at 29 June 2001 have been increased following the bonus issue which resulted from the DLC merger. Data, as presented in the preceding tables, has been adjusted to reflect the impact of the capital reduction and the bonus issue.
(ii) the exercise price of Performance Rights is zero. Performance Rights are not transferable. Performance Rights carry no right to dividends, and no voting rights.
(iii) 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.

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

(iv) the performance hurdles attached to Performance Rights issued from November to December 2000 relate to a global comparator group of companies. BHP Billiton Limited's performance in terms of TSR is measured against this group of companies to determine if the performance hurdles have been achieved. This measurement is first taken on 30 June 2003 and the Performance Rights lapse if the hurdles have not been achieved within the two years following this date.

(v) the performance hurdles attached to Performance Rights issued in October and November 2001 relate to a global comparator group of companies. BHP Billiton Limited's performance in terms of TSR in measured against this group of companies and the Australian Consumer Price Index to determine if the performance hurdles have been achieved. If the hurdles are not achieved by 30 September 2004, then 75 per cent of the Performance Rights lapse. The performance hurdles are measured again at 30 September 2005 and 30 September 2006 and, if the hurdles are not achieved, then the remaining 25 per cent of the Performance Rights lapse.

(j) Performance Rights were also issued to executive officers in October 2001 as medium term incentives (MTI) with separate terms from those discussed in (i) above. This had the effect of aligning the remuneration policy applied to the executives of the BHP Billiton Limited Group with that applied to executives of the BHP Billiton Plc Group who are able to participate in the Co-Investment Plan.

The executives indicated the proportion of their incentive plan award for the current financial year to invest as medium term incentives, subject to the minimum and maximum investment limits set by the Remuneration Committee. Within those limits, part of the bonus that would otherwise have been paid in cash is used to acquire Performance Rights. This is known as the committed award.

Each executive who acquired a committed award was also granted a matching award over shares in BHP Billiton Limited. The matching award entitles participants to acquire a number of shares in BHP Billiton Limited for nil consideration, subject to the satisfaction of performance conditions and the continuing employment of the participant.

If prior to vesting of a matching award, a participant ceases to be employed because of resignation or termination for cause, the participant's committed award will be forfeited, the related matching award will lapse and Performance Rights cease to be exercisable. If a participant ceases to be employed for any other reason, then the entire committed award vests and either all or a proportion of the Performance Rights under the matching award relevant for the period of cessation will vest, depending on the circumstances of cessation.

The awards have been made on the following terms:

(i) the performance condition compares BHP Billiton Limited's TSR over the performance period with the global comparator group of companies over the same period.

(ii) awards will vest by reference to the relative position of BHP Billiton Limited's TSR compared to the global comparator group of companies.

(iii) the vesting of matching awards is determined by reference to two performance periods. The first performance period is two years in length. If the performance hurdles are achieved at the end of the first performance period, the corresponding number of Performance Rights under matching award will vest. At this time the participant has the option to remain within the plan and enter the second performance period or leave the plan. Should the participant leave the plan at the end of the first performance period, the committed award becomes exercisable together with any Performance Rights under the matching award that may have vested. All remaining Performance Rights under the matching award lapse.

(iv) the second performance period is a further two years. At the end of this two-year period, subject to continuing employment, the committed award becomes exercisable and the corresponding number of Performance Rights subject to a matching award will vest. If the performance condition has not been met at the end of the second performance period no additional Performance Rights under the matching award will vest. However, any Performance Rights that vested under the matching award for the first performance period may be exercised, and the remaining Performance Rights under the matching award that have not vested will lapse.

(v) in addition to the measure against the global comparator group of companies, the awards are subject to an underlying absolute measure. In order for the awards to be capable of vesting, the percentage increase in BHP Billiton Limited's TSR over the relevant performance period must equal to or in excess of 2 per cent per annum over the Australian Consumer Price Index.

(vi) the exercise price of Performance Rights is zero. Performance Rights are not transferable. Performance Rights carry no right to dividends, and no voting rights.

(k) The number of shares received on exercise of Performance Rights issued in March 1999 have been increased following the spin-out of OneSteel Limited to reflect the capital reduction impact on the value of BHP Billiton Limited shares. In addition, the number of shares received on exercise of Performance Rights on issue as at 29 July 2001 have been increased following the bonus issue which resulted from the DLC merger.

(l) The Bonus Equity Share Plan provides eligible employees with the opportunity to take a portion of their incentive plan award in ordinary shares in BHP Billiton Limited. Employees who elected to take their incentive plan award in shares under the Plan also receive an uplift of 25 per cent so that for each A$1 of award taken as shares, A$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:

(i) 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.

(ii) if employment ceases while the shares are in trust, the shares awarded as part of the 25 per cent uplift (or a portion of that uplift) may or may not be forfeited (depending upon the circumstances of the employment relationship ending).

(m) Represents the number of options and Performance Rights exercised, and has not been adjusted to take into account the bonus shares issued on exercise of options.

(n) Although the exercise price of options was not effected by the bonus issue of shares, the exercise prices for options as stated have been adjusted to take into account the bonus issue of shares which took effect 29 June 2001. Exercise prices were also reduced by A$0.66 following the OneSteel Limited spin-out on 31 October 2000.

(o) Shares issued on exercise of Performance Rights and awards under the RSS and CIP include shares purchased on market.

NOTE 23. EMPLOYEE SHARE OWNERSHIP PLANS continued

(p) The values of all awards granted during the year ended 30 June 2002 and of Employee Share Plan options and Performance Rights granted during the years ended 30 June 2001, including the significant key assumptions used to derive the values have been determined by an actuary at the request of the BHP Billiton Group. The BHP Billiton 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 Group. The different nature of the awards which have been issued, year on year, with respect to the performance hurdles which have been established and the qualifying periods before the awards vest, results in variations to the respective valuations. The actual value to the holder may differ materially from the values shown. The values of Employee Share Plan options and Performance Rights granted in the year ended 30 June 2001 are shown after taking into account the bonus issue which resulted from the DLC merger.

(q) Employee Share Plan options granted during the period ended 30 June 2000 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.

(r) The fair value of a Bonus Equity Plan award is equal to the market value of a BHP Billiton Limited share on the date of grant.

(s) 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 (f) and (h) above, market price is the average market price of a specified five-day period prior to issue.

NOTE 24. RESERVES

	Share premium account 2002 US$M	**Profit & loss account 2002 US$M**	Share premium account 2001 US$M	Profit & loss account 2001 US$M
Opening balance	**592**	**6 549**	27	5 798
Retained profit for the year	**–**	**906**	–	775
Premium on issue of ordinary shares for cash	**–**	**–**	565	–
Transfer to profit and loss account for year (goodwill)	**–**	**–**	–	4
BHP Billiton Limited share buy-back program	**–**	**(19)**	–	–
Gain on shares issued under the BHP Billiton Plc share repurchase scheme	**–**	**–**	–	76
Exchange variations	**–**	**25**	–	(104)
Closing balance (a)	**592**	**7 461**	592	6 549

(a) Cumulative goodwill set off against reserves on acquisitions prior to 1 July 1998 amounts to US$761 million (2001: US$761 million).

NOTE 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 US$M	2001 US$M	2000 US$M
Profit for the financial year	**1 690**	1 529	1 506
Other recognised gains and losses	**25**	(763)	(502)
Total recognised gains and losses	**1 715**	766	1 004
Dividends	**(784)**	(754)	(788)
Issue of ordinary shares for cash	**104**	744	257
Share repurchase scheme (a)			
BHP Billiton Plc	**–**	194	(2)
Share buy-back program (b)			
BHP Billiton Limited	**(19)**	–	–
Capital reduction on OneSteel spin-out (refer note 22)	**–**	(650)	–
Transfer to profit and loss account for year (goodwill)	**–**	4	–
Net movement in shareholders' funds	**1 016**	304	471
Shareholders' funds at beginning of year	**11 340**	11 036	10 565
Shareholders' funds at end of year	**12 356**	11 340	11 036

(a) BHP Billiton Plc entered into an arrangement under which it contingently agreed to purchase its own shares from a special purpose vehicle (Strand Investment Holdings Limited) established for that purpose. 53 884 402 ordinary shares were purchased in the two years ended to 30 June 2000 at an aggregate purchase price of US$118 million, which were funded by the BHP Billiton Group. The cost of purchasing these shares was deducted from shareholders' funds. There was no intention to trade these shares and no dividends were paid in respect of them outside the BHP Billiton Group. Normally, The Companies Act 1985 requires that interests in own shares be included in the balance sheet as an asset. However, in this case the Directors considered that the arrangements were such that the shares owned by Strand Investment Holdings Limited had effectively been repurchased by the BHP Billiton Group and so did not constitute an asset of the BHP Billiton Group and that to show them as such would fail to show a true and fair view. During the year ended 30 June 2001 these shares were reissued and no shares were held by Strand Investment Holdings Limited at that date. Nor are any such shares held by Strand Investment Holdings Limited at 30 June 2002. Strand Investment Holdings Limited was consolidated as part of the BHP Billiton Group in each of the years described.

(b) Refer note 22.

NOTE 26. SIGNIFICANT ACQUISITIONS AND DISPOSALS

Acquisitions

Rio Algom

In October 2000 the BHP Billiton Group acquired 100 per cent of the equity shares of Rio Algom Limited for consideration of US$1 187 million. At 30 June 2001 based on provisional fair valuation adjustments, the net assets acquired were US$1 136 million giving rise to positive goodwill of US$51 million.
During the current year, the provisional fair valuation adjustments were revised following finalisation of a review of deferred tax, pension liabilities and assessed fair values. Details of those adjustments are provided in the table below. As a result goodwill has reduced by US$38 million to US$13 million.

	Provisional fair value US$M	Fair value adjustments US$M	Final fair value US$M
Tangible fixed assets	1 012	104	1 116
Investments	582	(42)	540
Stocks	264	–	264
Debtors	194	–	194
Cash including money market deposits	131	–	131
Creditors – amounts falling due within one year	(245)	–	(245)
Creditors – amounts falling due after more than one year	(665)	–	(665)
Provisions for liabilities and charges	(137)	(24)	(161)
Net assets acquired	1 136	38	1 174
Goodwill	51	(38)	13
Consideration	1 187	–	1 187

Disposals

Metals Distribution business

Effective 31 October 2001, BHP Billiton contributed its metals distribution business (the NAMD business) to a newly formed joint venture Integris Inc. in exchange for a 50 per cent interest in the joint venture. Alcoa Inc., a Delaware corporation, contributed its metals distribution business in exchange for the remaining 50 per cent interest in the joint venture. Net assets of the NAMD business at 31 October 2001 were US$156 million.

Ok Tedi

BHP Billiton has completed its withdrawal from the Ok Tedi copper mine (Papua New Guinea). BHP Billiton transferred its 52 per cent interest to an independent Program Company that will operate for the benefit of the people of Papua New Guinea. A series of legal releases, indemnities and warranties have been established which will protect BHP Billiton from certain legal liabilities for the period after its exit.

BHP Billiton will provide financial support to the Program Company by way of a fully repayable, interest free facility of up to US$100 million for a period of three years (until it has built up its own funds) with repayment arrangements if these are used and, in the event of an Ok Tedi Mining Ltd request in a drought situation, has agreed to pre-purchase copper concentrate up to an agreed level.

NOTE 27. COMMITMENTS

	2002 US$M	2001 US$M
Capital expenditure commitments not provided for in the accounts		
Due not later than one year	**1 348**	994
Due later than one year and not later than five years	**271**	440
Total capital expenditure commitments	**1 619**	1 434
Lease expenditure commitments		
Finance leases (a)		
Due not later than one year	**6**	13
Due later than one year and not later than five years	**20**	28
Due later than five years	**30**	41
Total commitments under finance leases	**56**	82
deduct Future financing charges	**21**	19
Finance lease liability	**35**	63
Operating leases (b)		
Due not later than one year (c)	**169**	286
Due later than one year and not later than five years	**375**	475
Due later than five years	**274**	373
Total commitments under operating leases	**818**	1 134
Other commitments (d)		
Due not later than one year		
Supply of goods and services	**181**	177
Royalties	**27**	22
Exploration expenditure	**13**	34
Chartering costs	**55**	50
	276	283
Due later than one year and not later than five years		
Supply of goods and services	**579**	613
Royalties	**82**	93
Exploration expenditure	**28**	32
Chartering costs	**164**	93
	853	831
Due later than five years		
Supply of goods and services	**650**	737
Royalties	**150**	164
Chartering costs	**154**	85
	954	986
Total other commitments	**2 083**	2 100

(a) Finance leases are predominantly related to leases of dry bulk carriers for the Transport and Logistics business. Refer notes 19 and 20.
(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.

NOTE 27. COMMITMENTS continued

(c) The BHP Billiton Group has commitments under operating leases to make payments totalling US$169 million in the next year as follows:

	2002 US$M	2001 US$M
Land and buildings		
Leases which expire:		
Within one year	**15**	3
Between two and five years	**6**	16
Over five years	**13**	17
	34	36
Other operating leases		
Leases which expire:		
Within one year	**80**	148
Between two and five years	**20**	47
Over five years	**35**	55
	135	250

(d) Included in other commitments is an amount of US$684 million (2001: US$656 million) representing Boodarie™ Iron's continuing operating commitments under a number of take or pay contracts for supply of products/services.

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS

The BHP Billiton Group operates or participates in a number of pension schemes throughout the world. The more significant schemes relate to businesses in Australia, South Africa, the US and Canada.

	2002 **US$M**	2001 US$M	2000 US$M
The pension charge for the year is as follows:			
Defined contribution schemes	**61**	66	45
Industry-wide schemes	**18**	21	25
Defined benefit schemes			
Regular cost	**59**	48	111
Variation cost	**14**	(13)	(22)
Interest cost	**(18)**	4	–
	134	126	159

To the extent that there is a difference between pension cost and contributions paid, a prepayment or creditor arises. The accumulated difference provided in the balance sheet at 30 June 2002 gives rise to a prepayment of US$225 million (2001: prepayment of US$191 million; 2000: prepayment of US$208 million).

The assets of the defined contribution schemes are held separately in independently administered funds. The charge in respect of these schemes is calculated on the basis of contributions due in the financial year.

The industry-wide schemes in South Africa are accounted for on the basis of contributions due in the financial year.

The remaining pension schemes are defined benefit schemes. Some of the defined benefit schemes have their assets held separately in independently administered funds and others are unfunded. The pension costs and funding for these schemes are assessed in accordance with the advice of professionally qualified actuaries based on the most recent actuarial valuations available.

The actuarial valuations for SSAP 24 purposes determined pension costs using the projected unit method for most schemes. There are exceptions for some schemes that are closed to new members where the attained age method was used. The assumptions used varied by scheme. For the purposes of calculating the accounting charge, surpluses or deficiencies will be recognised through the variation cost component in future accounting periods as a level percentage of payroll.

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS continued

Of the significant funded schemes there were 19 with funding levels ranging from 61 per cent to 167 per cent. These funding levels are based on a mix of market values and actuarial values of the assets. At the date of the most recent actuarial valuations, the combined market value of these schemes' assets was US$1 754 million.

For the four largest schemes, the main economic assumptions used, market and actuarial value of assets and funding levels at the respective dates of the most recent formal actuarial valuations are as follows:

	BHP Billiton Superannuation Fund	Pension Plan for Hourly Employees of BHPCopper Inc	BHP USA Retirement Income Plan	New Zealand Steel Pension Fund
Country	Australia	USA	USA	New Zealand
Date of valuation	1 July 2000	1 Jan 2001	1 Jan 2001	31 March 2001
Investment return	9.0%	8%	8%	6%
Salary growth	6.0%	n/a	4.5%	4%
Pension increases	0%	0%	0%	0%
Asset valuation method	Market value	Market value	5-year smoothing	Market value
Market value of fund (US$ million)	801	208	150	42
Actuarial value of fund (US$ million)	801	208	141	42
Funding level	120%	121%	113%	64%

The BHP Billiton Group provides healthcare benefits, which are not pre-funded, for retired employees and their dependants in South Africa, the US, Canada and Suriname. The post-retirement benefit charge, net of employees' and retirees' contributions paid, in respect of these benefits was US$2 million (2001: US$6 million) including exchange variations of US$14 million (2001: US$9 million).

The charge has been calculated in accordance with UK applicable accounting standards. Where there is a surplus or deficiency between the accrued liability and the provision recorded, the resulting amount is spread forward over future working lifetimes through the variation cost component as a level percentage of payroll. The main actuarial assumptions used in the most recent actuarial valuations of these benefits are as follows:

	South Africa	US	Canada	Suriname
Ultimate healthcare inflation rate	8%	5.5%	3%	5%
Discount rate	12%	7.75%	6.5%	6.5%

FRS17 Retirement Benefits

Whilst the SSAP24 disclosure and measurement principles have been applied in accounting for pensions and post-retirement medical benefits in these financial statements, additional disclosures are provided under FRS 17 'Retirement benefits'. The eventual aim of FRS 17 is to move from a long-term approach under SSAP24 to a market-based approach in valuing the assets and liabilities arising from an employer's retirement benefit obligations and any related funding.

Currently, FRS17 only has to be applied to disclosures. This is the second year that disclosures have been made for the BHP Billiton Group under FRS17, and this year they extend to performance statement information for the first time.

The BHP Billiton Group operates a number of defined benefit schemes in Australia and New Zealand, Canada, the US, Europe, South Africa and South America. Full actuarial valuations for most schemes were carried out as at 30 June 2002 by local actuaries. For a minority of plans it has been necessary to roll forward liabilities calculated using earlier data. The major assumptions used by the actuaries ranged from:

	Australia & NZ	Canada	US	Europe	South Africa	South America
Salary increases	3% to 4.5%	3.5% to 4.5%	3.5% to 4.5%	3% to 4.75%	7.75% to 9%	2% to 5.57%
Pension increases	0%	0%	0% to 3%	2.5% to 5%	3.75% to 5.5%	2% to 3.5%
Discount rate	4.75% to 6%	6.5% to 7%	6.5% to 7%	5.5% to 6%	8.75% to 9.25%	6% to 9.71%
Inflation	2% to 3%	2% to 3%	2% to 3%	2.5% to 2.75%	7%	2% to 3.5%

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS continued

This compares with those at 30 June 2001 which ranged from:

	Australia	Canada	US	Europe	South Africa	South America
Salary increases	4%	3.5% to 4.5%	3.5% to 5%	2% to 6%	7%	2% to 5.8%
Pension increases	0%	0%	0% to 3%	2% to 2.75%	3.25% to 3.5%	2% to 3.5%
Discount rate	5.5%	6.5% to 7.0%	6.5% to 7.75%	6% to 6.2%	8.25% to 8.5%	6% to 9.7%
Inflation	3%	2% to 3%	2% to 4%	2% to 2.75%	6%	2% to 3.5%

The fair market value of the assets, the development of the surplus (deficit) of the main defined benefit schemes at 30 June 2002 were (US$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	**Total**
Bonds	163	52	29	51	19	41	**355**
Equities	307	27	256	63	59	2	**714**
Property	64	–	–	–	–	–	**64**
Cash and net current assets	17	13	3	16	12	1	**62**
Insured annuities	–	–	–	16	–	–	**16**
Total assets	551	92	288	146	90	44	**1 211**
Actuarial liabilities	(634)	(81)	(400)	(179)	(62)	(31)	**(1 387)**
Unrecognised surplus	–	(21)	–	–	(29)	–	**(50)**
Surplus (deficit)	(83)	(10)	(112)	(33)	(1)	13	**(226)**
Related deferred tax (liability)/asset	25	4	39	10	–	(5)	**73**
Net pension asset (liability)	**(58)**	**(6)**	**(73)**	**(23)**	**(1)**	**8**	**(153)**

The expected rates of return on these asset categories at 30 June 2002 were:

	Australia & NZ	Canada	US	Europe	South Africa	South America
Bonds	5% to 6.5%	6% to 6.5%	7%	5% to 5.75%	8.75% to 9.25%	6% to 9.71%
Equities	7% to 9%	7.5% to 9.5%	8.7%	7.5% to 8%	13% to 13.5%	9.71%
Property	6% to 8%	n/a	n/a	n/a	13%	n/a
Cash and net current assets	7.27%	1% to 4%	7%	3% to 4%	6.5% to 10%	9.71%
Insured annuities	n/a	n/a	n/a	6%	n/a	n/a
Total assets	**6% to 8%**	**4% to 6.9%**	**8.5%**	**4.5% to 7.2%**	**10.45% to 11.75%**	**6% to 9.71%**

The corresponding figures at 30 June 2001 were (US$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	**Total**
Bonds	182	60	66	42	26	33	**409**
Equities	372	53	373	56	72	2	**928**
Property	74	–	–	–	–	–	**74**
Cash and net current assets	13	17	6	20	15	1	**72**
Total assets	641	130	445	118	113	36	**1 483**
Actuarial liabilities	(673)	(108)	(450)	(139)	(71)	(27)	**(1 468)**
Unrecognised surplus	–	(12)	(6)	–	–	–	**(18)**
Surplus (deficit)	(32)	10	(11)	(21)	42	9	**(3)**
Related deferred tax (liability)/asset	10	(4)	4	6	(13)	(3)	**–**
Net pension asset (liability)	**(22)**	**6**	**(7)**	**(15)**	**29**	**6**	**(3)**

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS continued

The expected rates of return on the asset categories at 30 June 2001 were:

	Australia & NZ	Canada	US	Europe	South Africa	South America
Bonds	6%	6% to 6.5%	7.5%	5% to 6%	8.25% to 8.5%	6% to 9.7%
Equities	9%	9% to 9.5%	8.6%	6% to 8%	10.5% to 12%	6% to 9.7%
Property	8%	n/a	n/a	8%	10.5%	0% to 6%
Cash and net current assets	n/a	1% to 4%	7.5%	4% to 6.1%	6.5% to 8.5%	6% to 9.7%
Total assets	**6% to 8%**	**4% to 8%**	**8.5%**	**5.7% to 6.65%**	**8.85% to 10.9%**	**6% to 8%**

Analysis of the operating costs in the year ended 30 June 2002 (US$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	**Total**
Current service cost	42	3	10	7	3	2	**67**
Past service cost (credit)	–	–	2	(1)	–	–	**1**
Curtailment losses (gains)	–	–	–	–	–	–	**–**
Previously unrecognised surplus deducted from curtailment losses	–	(1)	–	–	–	–	**(1)**
Total operating charge	**42**	**2**	**12**	**6**	**3**	**2**	**67**

Analysis of the financing credit in the year ended 30 June 2002 (US$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
Expected return on pension schemes' assets	53	4	28	8	9	2	**104**
Interest on pension schemes' liabilities	(37)	(5)	(27)	(9)	(5)	(2)	**(85)**
Net return (cost)	**16**	**(1)**	**1**	**(1)**	**4**	**–**	**19**

Analysis of statement of total recognised gains and losses (STRGL) in the year ended 30 June 2002 (US$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
Actual return less expected return on pension schemes' assets	(82)	(3)	(78)	(18)	(1)	31	**(151)**
Experience gains (losses) arising on the schemes' liabilities	33	–	–	8	(7)	(18)	**16**
Changes in assumptions underlying the present value of the schemes' liabilities	–	–	(23)	(15)	(2)	–	**(40)**
Other gains (losses) under paragraph 67(d)	–	(1)	6	–	–	–	**5**
Loss pursuant to legislative change with regard to South African surpluses	–	–	–	–	(29)	–	**(29)**
Actuarial gain (loss) recognised in STRGL	**(49)**	**(4)**	**(95)**	**(25)**	**(39)**	**13**	**(199)**

During the year, the Pension Funds Second Amendment Act, 2001, was passed in South Africa. Under this Act, surpluses in pension funds have to be used in a manner specified under Regulations to the Act, to improve current and former members' benefits prior to the employer obtaining any benefit from the surpluses. Consequently, it is considered unlikely that any BHP Billiton Plc Group companies will obtain any benefit from the surpluses in the South African schemes. Therefore the reduction in the recognised surpluses in South Africa is recognised as an actuarial loss in the STRGL.

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS continued

Analysis of movement in surplus/(deficit) during the year ended 30 June 2002 (US$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
Surplus/(deficit) in schemes at 30 June 2001	(32)	9	(11)	(23)	42	9	**(6)**
Movement in year:							
Adjustment to surplus/(deficit) at 30 June 2001	–	(8)	–	3	–	–	**(5)**
Adjustment to surplus/(deficit) at 1 July 2001 in respect of companies no longer consolidated	(1)	(8)	4	–	–	–	**(5)**
Current service cost	(42)	(3)	(10)	(7)	(3)	(2)	**(67)**
Contributions	35	4	1	23	4	1	**68**
Past service costs	–	–	(2)	1	–	–	**(1)**
Other finance income/(costs)	16	(1)	1	(1)	4	–	**19**
Actuarial gains/(losses)	(49)	(4)	(95)	(25)	(39)	13	**(199)**
Curtailment gains/(losses)	–	–	–	–	–	–	**–**
Exchange gains/(losses)	(10)	1	–	(4)	(9)	(8)	**(30)**
Surplus/(deficit) in schemes at 30 June 2002	**(83)**	**(10)**	**(112)**	**(33)**	**(1)**	**13**	**(226)**

The amount of this net pension liability would have a consequential effect on reserves.

Experience gains and losses for year ended 30 June 2002:

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
Difference between the expected and actual return on scheme assets:							
Asset gain/(loss) in US$ million	(82)	(3)	(78)	(18)	(1)	31	**(151)**
Percentage of schemes' assets	(14.9%)	(3.3%)	(27.1%)	(12.3%)	(1.1%)	70.5%	**(12.5%)**
Experience gains/(losses) on scheme liabilities in US$ million	33	–	–	8	(7)	(18)	**16**
Percentage of the present value of the schemes' liabilities	5.2%	–	–	4.5%	(11.3%)	(58.1%)	**1.2%**
Total gain/(loss) recognised in statement of total recognised gains and losses in US$ million	(49)	(4)	(95)	(25)	(39)	13	**(199)**
Percentage of the present value of the schemes' liabilities	(7.7%)	(4.9%)	(23.8%)	(14.0%)	(62.9%)	41.9%	**(14.3%)**

The BHP Billiton Group also operates a number of other post-retirement benefit arrangements in South Africa, the US, Canada, Suriname and the UK. Full actuarial valuations were carried out as at 30 June 2002, for many of them by local actuaries. For a minority of plans it has been necessary to roll forward liabilities calculated using earlier data. The major assumptions used by the actuary ranged from:

	South Africa	US	Canada	Suriname	UK
Ultimate healthcare inflation rate	9%	5%	3%	5%	4.5%
Discount rate	11.75%	7%	6.5%	5.5 to 6.5%	6%

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS continued

This compares with those at 30 June 2001 which ranged from:

	South Africa	US	Canada	Suriname
Ultimate healthcare inflation rate	8%	5.5%	3%	5%
Discount rate	12%	7.5%	6.5% to 7%	6.5%

The actuarial liabilities of the post-retirement schemes at 30 June 2002 were (US$ million):

	South Africa	US	Canada	Suriname	UK	Total
Present value of scheme liabilities	(54)	(121)	(18)	(19)	(1)	**(213)**
Past service credit	(18)	–	–	–	–	**(18)**
Deficit	(72)	(121)	(18)	(19)	(1)	**(231)**
Related deferred tax asset	21	42	6	7	–	**76**
Net post-retirement liability	**(51)**	**(79)**	**(12)**	**(12)**	**(1)**	**(155)**

The corresponding figures at 30 June 2001 were (US$ million):

	South Africa	US	Canada	Suriname	Total
Present value of scheme liabilities	(94)	(142)	(27)	(18)	**(281)**
Deficit	(94)	(142)	(27)	(18)	**(281)**
Related deferred tax asset	28	12	12	7	**59**
Net post-retirement liability	**(66)**	**(130)**	**(15)**	**(11)**	**(222)**

Analysis of the operating costs in the year ended 30 June 2002 (US$ million):

	South Africa	US	Canada	Suriname	UK	Total
Current service cost	1	2	–	–	–	**3**
Past service cost (credit)	(1)	–	–	–	–	**(1)**
Curtailment losses (gains)	(7)	–	(1)	–	–	**(8)**
Total operating charge	**(7)**	**2**	**(1)**	**–**	**–**	**(6)**

Analysis of the financing credit in the year ended 30 June 2002 (US$ million):

	South Africa	US	Canada	Suriname	UK	Total
Expected return on assets	–	–	–	–	–	**–**
Interest on post-retirement liabilities	(7)	(8)	(1)	(1)	–	**(17)**
Net return (cost)	**(7)**	**(8)**	**(1)**	**(1)**	**–**	**(17)**

Analysis of STRGL in the year ended 30 June 2002 (US$ million):

	South Africa	US	Canada	Suriname	UK	Total
Actual return less expected return on post-retirement scheme assets	–	–	–	–	–	**–**
Experience gains (losses) arising on the schemes' liabilities	8	(6)	–	–	–	**2**
Changes in assumptions underlying the present value of the schemes' liabilities	(10)	–	–	(1)	–	**(11)**
Actuarial gain (loss) recognised in STRGL	**(2)**	**(6)**	**–**	**(1)**	**–**	**(9)**

NOTE 28. PENSIONS AND POST-RETIREMENT MEDICAL BENEFITS continued

Analysis of movement in surplus during the year ended 30 June 2002 (US$ million):

	South Africa	US	Canada	Suriname	UK	Total
(Deficit) in schemes at 30 June 2001	(94)	(142)	(27)	(18)	(1)	**(282)**
Movement in year:						
Adjustment to surplus/(deficit) at 1 July 2001 in respect of companies no longer consolidated	–	29	8	–	–	**37**
Current service cost	(1)	(2)	–	–	–	**(3)**
Contributions	3	8	1	1	–	**13**
Past service costs	1	–	–	–	–	**1**
Other finance income (costs)	(7)	(8)	(1)	(1)	–	**(17)**
Actuarial gains/(losses)	(2)	(6)	–	(1)	–	**(9)**
Curtailment gains/(losses)	7	–	1	–	–	**8**
Exchange gains/(losses)	20	–	–	–	–	**20**
(Deficit) in schemes at 30 June 2002	**(73)**	**(121)**	**(18)**	**(19)**	**(1)**	**(232)**

Experience gains and losses for year ended 30 June 2002:

	South Africa	US	Canada	Suriname	UK	Total
Difference between the expected and actual return on scheme assets:						
Asset gain/(loss) in US$ million	–	–	–	–	–	**–**
Percentage of scheme assets	0%	0%	0%	0%	0%	**0%**
Experience gains/(losses) on scheme liabilities in US$ million	8	(6)	–	–	–	**2**
Percentage of the present value of the scheme liabilities	14.8%	(5.0%)	0%	0%	0%	**0.9%**
Total gain/(loss) recognised in statement of total recognised gains and losses in US$ million	(2)	(6)	–	(1)	–	**(9)**
Percentage of the present value of the scheme liabilities	(3.7%)	(5.0%)	0%	(5.3%)	0%	**(4.2%)**

If the measurement principles of FRS17 had been applied to the pension schemes and post-retirement schemes of the Group's joint ventures and associates at 30 June 2002 a deficit of approximately US$7 million would have been recognised in the Group balance sheet and actuarial losses of approximately US$12 million would have been taken to the Group Statement of Total Recognised Gains and Losses.

NOTE 29. ANALYSIS OF MOVEMENTS IN NET DEBT

	At 1 July 2001 US$M	Acquisitions & disposals US$M	Cash flow US$M	Other non-cash movements US$M	Exchange movements US$M	At 30 June 2002 US$M
Cash at bank and in hand	836	(45)	411	–	(3)	**1 199**
Overdrafts	(287)	–	(218)	–	(4)	**(509)**
	549	(45)	193	–	(7)	**690**
Redeemable preference shares	(890)	–	423	–	17	**(450)**
Finance lease obligations	(63)	–	28	–	–	**(35)**
Other debt due within one year	(1 432)	–	(313)	(574)	43	**(2 276)**
Other debt due after one year	(5 934)	–	404	574	(95)	**(5 051)**
	(8 319)	–	542	–	(35)	**(7 812)**
Money market deposits (a)	449	–	(157)	–	8	**300**
	(7 321)	(45)	578	–	(34)	**(6 822)**
The balance sheet movement in cash including money market deposits is as follows:						
Cash at bank and in hand	836	(45)	411	–	(3)	**1 199**
Money market deposits (a)	449	–	(157)	–	8	**300**
	1 285	(45)	254	–	5	**1 499**

(a) Money market deposits with financial institutions have a maturity of up to three months.

NOTE 30. FINANCIAL INSTRUMENTS

BHP Billiton Group financial risk strategy

The BHP Billiton Group manages its exposure to key financial risks, including interest rates, currency movements and commodity prices, in accordance with the Portfolio Risk Management strategy, approved during the year ended 30 June 2002. The objective of the strategy is to support the delivery of the BHP Billiton Group's financial targets while protecting its 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 diversification 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 Cashflow at Risk ('CFaR') framework to support the achievement of the BHP Billiton Group's broader strategic objectives. The CFaR framework is a means to quantify the variability of the BHP Billiton Group's cashflows after taking into account diversification effects. (CFaR is the worst expected loss relative to projected business plan cashflows over a one-year horizon under normal market conditions at a confidence level of 95 per cent. Cashflow 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. Legacy hedge positions which existed prior to the adoption of the Portfolio Risk Management strategy will be allowed to run-off. There could be circumstances, for example, such as following a major acquisition, when it becomes appropriate to mitigate risk in order to support the BHP Billiton Group's strategic objectives. In such circumstances, the BHP Billiton Group may execute hedge transactions.
>
> ***Strategic financial transactions*** – where opportunistic transactions are entered into 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 profit and loss account 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.

Primary responsibility for identification and control of financial risks rests with the Financial Risk Management Committee (FRMC) under authority delegated by the Executive Committee.

The FRMC receives reports on, amongst other matters: financing requirements both for existing operations and new capital projects; assessments of risks and rewards implicit in requests for financing; and market forecasts for interest rates, currency movements and commodity prices, including analysis of sensitivities. In addition, the FRMC receives reports on the various financial risk exposures of the BHP Billiton Group. On the basis of this information, the FRMC determines the degree to which it is appropriate to use financial instruments, commodity contracts, other hedging instruments or other techniques to mitigate the identified risks. The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk, foreign currency risk and commodity price risk, each of which is described below. In addition, where risks could be mitigated by insurance then the FRMC decides whether such insurance is appropriate and cost-effective. FRMC decisions can be implemented directly by group management or can be delegated from time to time to be implemented by the management of the Customer Sector Groups.

BHP Billiton Group risk exposures and responses

The main financial risks are listed below along with the responses of the BHP Billiton Group:

Interest rate risk

The BHP Billiton Group is exposed to interest rate risk on its outstanding borrowings and investments. Interest rate risk is managed as part of the Portfolio Risk Management strategy and within the overall CFaR limit.
When required under this strategy, the BHP Billiton Group uses interest rate swaps to convert a floating rate exposure to a fixed rate exposure or vice versa.

NOTE 30. FINANCIAL INSTRUMENTS continued

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

	Weighted average interest rate payable		Weighted average interest rate receivable		Notional amount	
	2002	2001	**2002**	2001	**2002**	2001
	%	%	**%**	%	**US$M**	US$M
Interest rate swaps						
US dollar swaps						
Pay fixed/receive floating (a)						
2001	–	6.30	–	6.76	–	41
2002	**6.30**	6.30	**3.05**	–	**41**	41
UK pounds swaps						
Pay floating (a)/receive fixed						
2001	–	6.30	–	9.49	–	36
2002	**4.73**	–	**9.49**	9.49	**19**	18
Australian dollar swaps						
Pay floating (a)/receive fixed						
2001	–	6.18	–	7.36	–	153
2002	**5.11**	–	**7.36**	7.36	**170**	153
2003	–	–	**7.36**	7.36	**170**	153
2004	–	–	**7.36**	7.36	**170**	153
2005	–	–	**7.36**	7.36	**170**	153

(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.

Cross currency interest rate swaps are also used to manage interest rate exposures where considered necessary under the Portfolio Risk Management strategy (refer to 'Currency risk' discussion which follows).

Liquidity risk

The BHP Billiton Group implemented a US$2.5 billion syndicated multi-currency revolving credit facility in September 2001. This facility replaced the US$1.2 billion credit facility of BHP Billiton Limited and the US$1.5 billion and US$1.25 billion credit facilities of BHP Billiton Plc. The facility was the first financing transaction post merger and is the BHP Billiton Group's cornerstone credit facility.

Prior to the merger BHP had a long-term credit rating of A-/A3 and a short-term rating of A-2/P-2. Billiton was not rated. Following the announcement of the merger the rating agencies confirmed their ratings but with a positive outlook. Standard & Poor's subsequently upgraded their rating of the BHP Billiton Group to A/A-1 from A-/A-2 and retained a positive outlook to reflect the excellent market position, substantial portfolio diversification, strong cost profile, and conservative financial policies which either resulted from, or improved substantially, as a result of the merger.

To capitalise on this stronger credit profile and to enhance the BHP Billiton Group's access to finance, other financing activities undertaken during the year included:

- In October 2001, increasing the Australian dollars commercial paper program limit from A$1 billion to A$2 billion. As at 30 June 2002, funds had been drawn under this program, and the majority of the exposure was swapped into US$ via forward foreign exchange contracts that match the maturity of the underlying drawdowns
- In November 2001, issuing A$1 billion of medium term securities in the Australian debt capital markets. The proceeds from this issue were used to repay higher cost debt. Upon drawdown, the liability was swapped into US$.
- In June 2002, establishing a US$1.5 billion Euro Medium Term Note (EMTN) program which is listed on the Luxembourg stock exchange. This EMTN program provides the BHP Billiton Group with the capability to access the European capital markets and its establishment is consistent with the BHP Billiton Group's strategy of diversifying its funding sources.

NOTE 30. FINANCIAL INSTRUMENTS continued

Sufficient liquid funds are maintained to meet daily cash requirements. The prime consideration in the investment of cash is security over the asset and only counterparties of high credit standing are used.

The BHP Billiton Group's liquidity risk for derivatives arises from the possibility that a market for derivatives might not exist in some circumstances. To counter this risk the BHP Billiton Group only used derivatives in highly liquid markets.

Currency risk

The BHP Billiton Group has potential currency exposures in respect of items denominated in foreign currencies comprising:

Transactional exposure in respect of non-functional currency expenditure

Operating expenditure and capital expenditure is incurred by some operations in currencies other than US dollars which is the functional currency of most operations within the BHP Billiton Group. To a lesser extent, sales revenue is earned in currencies other than the functional currency of operation, and certain exchange control restrictions may require that funds be maintained in currencies other than the functional currency of the operation. These risks are managed as part of the Portfolio Risk Management strategy and within the overall CFaR limit. When required under this strategy, hedging contracts are entered into in foreign exchange markets. Operating and capital costs are hedged using forward exchange and currency option contracts. The majority of such hedge contracts which are outstanding as at 30 June 2002 are legacy positions which were taken out prior to the BHP Billiton merger, to hedge US dollars sales revenues earned by operations within the BHP Billiton Limited Group whose functional currency was then other than US dollars. At the time of merger, the hedge contracts were redesignated as hedges of Australian dollars operating costs.

The tables below provide information about the principal currency hedge contracts which have not been recognised in the financial statements:

	Weighted average A$/US$ exchange rate		Contract amounts	
	2002	2001	**2002**	2001
Term			**US$M**	US$M
Forward contracts – sell US dollars/buy Australian dollars				
Not later than one year	**0.6562**	0.6884	**919**	1 140
Later than one year but not later than two years	**0.6170**	0.6572	**360**	910
Later than two years but not later than three years	**–**	0.6170	**–**	360
Total	**0.6447**	0.6650	**1 279**	2 410

	Weighted average A$/US$ exchange rate		Weighted average A$/US$ exchange rate		Contract amounts	
	2002	**2002**	2001	2001		
	A$ Call	**A$ Put**	A$ Call	A$ Put	**2002**	2001
Term	**options**	**options**	options	options	**US$M**	US$M
Foreign exchange options – sell US dollars/buy Australian dollars						
Not later than one year	**0.5533**	**0.6612**	0.6260	0.6503	**1 054**	590
Later than one year but not later than two years	**–**	**–**	0.6126	0.6612	**–**	180
Total	**0.5533**	**0.6612**	0.6227	0.6542	**1 054**	770

Foreign exchange options entered into in the current period relate to the planned unwinding in July 2002 of cross currency interest rate swaps (CCIRS). Such action has been taken to swap Australian dollars denominated debt to US dollars during July 2002, as a result of the majority of the BHP Billiton Group's Australian dollars functional currency operations being demerged with BHP Steel.

NOTE 30. FINANCIAL INSTRUMENTS continued

	Weighted average exchange rate		Contract amounts	
	2002	2001	**2002**	2001
Term			**US$M**	US$M
Forward contracts – sell Euros/buy US dollars				
Not later than one year	**0.9238**	0.8468	**100**	1
Total	**0.9238**	0.8468	**100**	1
Forward contracts – sell US dollars/buy Euros				
Not later than one year	**0.9212**	0.8857	**153**	11
Later than one year but not later than two years	**0.9156**	–	**21**	–
Later than two years but not later than three years	**0.9309**	–	**3**	–
Later than three years but not later than four years	**0.9439**	–	**3**	–
Later than four years but not later than five years	**0.9357**	–	**22**	–
Total	**0.9226**	0.8857	**202**	11
Forward contracts – sell US dollars/buy Sterling				
Not later than one year	**1.4536**	–	**118**	–
Later than one year but not later than two years	**1.4202**	–	**1**	–
Total	**1.4533**	–	**119**	–
Forward contracts – sell US dollars/buy South African rand				
Not later than one year	**10.61**	8.099	**56**	7
Later than one year but not later than two years	**10.15**	–	**1**	–
Total	**10.60**	8.099	**57**	7

Translational exposure in respect of investments in overseas operations

Since 1 July 2001, when the majority of the BHP Billiton Limited Group’s operations changed their functional currency to US dollars, the functional currency of most BHP Billiton Group operations is US dollars. There are certain operations that have retained Australian dollars and UK pounds as a functional currency, and during the year ended 30 June 2002, the BHP Billiton Group had a natural hedge between net foreign assets and borrowings in these currencies. When not in conflict with exchange control requirements, the BHP Billiton Group’s policy is to minimise risk resulting from such investments through borrowing in these currencies. If circumstances arise that render the natural hedge deficient, then specific hedging utilising cross currency swaps may occur. Such action has been taken to swap Australian dollars denominated debt to US dollars during July 2002 as a result of the majority of the BHP Billiton Group’s Australian dollars functional currency operations being demerged with BHP Steel.

The table following presents principal amounts and weighted average interest rates that the BHP Billiton 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 US dollars equivalents. The instruments’ actual cash flows are denominated in US dollars, UK pounds, Japanese Yen and Australian dollars as indicated.

NOTE 30. FINANCIAL INSTRUMENTS continued

	Weighted average exchange rate		Weighted average interest rate payable		Weighted average interest rate receivable		Principal amount (a)	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
			%	%	**%**	%	**US$M**	US$M
Cross currency swaps								
US dollar to Australian dollar swaps								
Pay fixed/receive fixed								
2001	**–**	0.6579	**–**	7.49	**–**	7.49	**–**	807
2002	**0.6557**	0.6552	**7.19**	7.19	**7.18**	7.18	**691**	617
2003	**0.6601**	0.6601	**6.71**	6.71	**6.75**	6.75	**86**	77
US dollar to UK pounds swaps								
Pay fixed/receive fixed								
2001	**–**	1.6662	**–**	7.45	**–**	6.60	**–**	381
2002	**1.6662**	1.6662	**7.45**	7.45	**6.60**	6.60	**415**	381
2003	**1.6673**	1.6673	**7.37**	7.37	**6.69**	6.69	**277**	254
2004	**1.6673**	1.6673	**7.37**	7.37	**6.69**	6.69	**277**	254
2005	**1.6673**	1.6673	**7.37**	7.37	**6.69**	6.69	**277**	254
Japanese yen to US dollar swaps								
Pay floating (b)*/receive fixed*								
2001	**–**	128.41	**–**	7.18	**–**	5.71	**–**	40
2002	**123.00**	128.41	**3.47**	–	**5.71**	5.71	**41**	40
Pay fixed/receive fixed								
2001	**–**	122.97	**–**	9.18	**–**	6.38	**–**	7
Australian dollar to US dollar swaps								
Pay floating (b)*/receive floating* (b)								
2002	**1.917**	–	**2.44**	–	**4.81**	–	**130**	–
2003	**1.917**	–	**–**	–	**–**	–	**130**	–
2004	**1.917**	–	**–**	–	**–**	–	**130**	–
Pay floating (b)*/receive fixed*								
2002	**1.917**	–	**2.77**	–	**6.25**	–	**391**	–
2003	**1.917**	–	**–**	–	**6.25**	–	**391**	–
2004	**1.917**	–	**–**	–	**6.25**	–	**391**	–
2005	**1.917**	–	**–**	–	**6.25**	–	**391**	–
2006	**1.917**	–	**–**	–	**6.25**	–	**391**	–
2007	**1.917**	–	**–**	–	**6.25**	–	**391**	–
2008	**1.917**	–	**–**	–	**6.25**	–	**391**	–

(a) Amount represents US$ equivalent of principal payable under the swap contract.
(b) Floating interest rate in future periods will be based on LIBOR applicable at the time of the interest rate reset

NOTE 30. FINANCIAL INSTRUMENTS continued

Translational exposure in respect of non-functional currency monetary items

Monetary items denominated in functional currencies other than US dollars are included in the balance sheet of some operations. These monetary items are periodically restated to US dollars equivalents whilst they remain on the balance sheet, and the associated gain or loss is taken to the profit and loss account, with the exception of foreign exchange gains or losses on foreign currency provisions for site restoration which are capitalised in tangible fixed assets. These risks are managed as part of the Portfolio Risk Management strategy and within the overall CFaR limit.

The table below shows the extent to which the BHP Billiton Group has monetary assets and liabilities in currencies other than their functional currencies, after taking into account the effect of any forward foreign currency contracts entered into to manage these risks, excluding any exposures in relation to borrowings which are hedged by investments in net foreign currency assets (as discussed above), and excluding provisions for site restoration.

	Net foreign currency monetary assets/(liabilities)					
	US$	**A$**	**C$**	**SA rand**	**Other**	**Total**
	2002	**2002**	**2002**	**2002**	**2002**	**2002**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Functional currency of Group operation						
US $	**–**	**(1 413)**	**(376)**	**(892)**	**(278)**	**(2 959)**
Australian $	**7**	**–**	**–**	**–**	**(17)**	**(10)**
Canadian $	**–**	**–**	**–**	**–**	**–**	**–**
Sterling	**(103)**	**–**	**–**	**–**	**–**	**(103)**
Other	**11**	**–**	**–**	**1**	**–**	**12**
	(85)	**(1 413)**	**(376)**	**(891)**	**(295)**	**(3 060)**

	Net foreign currency monetary assets/(liabilities)					
	US$	A$	C$	SA rand	Other	Total
	2001	2001	2001	2001	2001	2001
	US$M	US$M	US$M	US$M	US$M	US$M
Functional currency of Group operation						
US $	–	(194)	(246)	(1 343)	(306)	(2 089)
Australian $	321	–	–	5	167	493
Canadian $	22	–	–	–	69	91
Sterling	37	–	–	–	2	39
Other	7	1	–	–	–	8
	387	(193)	(246)	(1 338)	(68)	(1 458)

The increase in Australian dollars monetary liabilities in 2002 is predominantly a result of changing the functional currency of the majority of BHP Billiton Limited operations to US dollars on 1 July 2001.

The SA rand monetary liabilities include borrowings raised in a variety of currencies, including US dollars and the deutschemark, which, as a result of South African exchange control regulations, were subsequently swapped into SA rand.

Substantial portions of the non-functional currency liabilities of US dollars functional currency operations relate to provisions for deferred taxation.

Commodity price risk

The BHP Billiton Group is exposed to movements in the prices of the products it produces which are generally sold as commodities on the world market.

Commodity price risk is managed pursuant to the Portfolio Risk Management strategy and within the overall CFaR limit. Strategic price hedges are taken out from time to time.

NOTE 30. FINANCIAL INSTRUMENTS continued

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

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

	Volume		**Units**	Average rate		Term to	Notional amount(a)	
	2002	2001		**2002**	2001	maturity	**2002**	2001
BHP Billiton Group				**US$**	US$	(months)	**US$M**	US$M
Gold								
Forwards (sell)	–	70 963	troy oz	–	322	0–12	–	23
Forwards (buy)	–	44 380	troy oz	–	286	0–12	–	13
Silver								
Forwards (sell)	–	1 390 000	troy oz	–	5.52	0–12	–	8
	–	400 000	troy oz	–	5.50	13–24	–	2
Total	–	1 790 000	troy oz	–			–	10
Aluminium								
Forwards (buy)	**6 281**	3 227	tonnes	**1 187.94**	1 541.16	0–12	**7**	5
Forwards (sell)	**7 425**	–	tonnes	**1 182.89**	–	0–12	**9**	–
Zinc								
Forwards (buy)	–	9 659	tonnes	–	1 145.20	0–12	–	11
Energy Coal (b)								
Forwards (sell)	**8 630 000**	–	tonnes	**31.29**	–	0–12	**270**	–
	3 630 000	–	tonnes	**33.16**	–	13–24	**121**	–
Forwards (buy)	**4 405 000**	–	tonnes	**29.90**	–	0–12	**132**	–
	1 290 000	–	tonnes	**31.20**	–	13–24	**40**	–
Purchased calls	**270 000**	–	tonnes	**34.00**	–	0–12	**9**	–
	210 000	–	tonnes	**33.71**	–	13–24	**7**	–
Sold puts	**150 000**	–	tonnes	**32.60**	–	0–12	**5**	
	150 000	–	tonnes	**32.60**	–	13–24	**5**	–
Sold calls	**1 845 000**	–	tonnes	**30.30**	–	0–12	**56**	–
	1 470 000	–	tonnes	**29.88**	–	13–24	**44**	–

(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.

(b) Recognised in the financial statements.

Hedging of financial risks

Cumulative unrecognised gains and losses on the instruments used for hedging transaction exposures and commodity price risks and the movements therein are as follows:

NOTE 30. FINANCIAL INSTRUMENTS continued

	Gains 2002 US$M	Losses 2002 US$M	Net gains/ (losses) 2002 US$M	Gains 2001 US$M	Losses 2001 US$M	Net gains/ (losses) 2001 US$M
Opening balance unrecognised gains/(losses)	**10**	**(615)**	**(605)**	17	(481)	(464)
(Gains)/losses arising in previous years recognised in the period	**(9)**	**327**	**318**	(14)	273	259
Gains/(losses) arising before period end not included in the result for the year	**1**	**(288)**	**(287)**	3	(208)	(205)
Gains/(losses) arising in the year and not recognised	**(1)**	**124**	**123**	7	(407)	(400)
Closing balance unrecognised gains/(losses)	**–**	**(164)**	**(164)**	10	(615)	(605)
of which:						
Gains/(losses) expected to be recognised within one year	**–**	**(128)**	**(128)**	9	(327)	(318)
Gains/(losses) expected to be recognised after one year	**–**	**(36)**	**(36)**	1	(288)	(287)
	–	**(164)**	**(164)**	10	(615)	(605)

Cumulative unrecognised gains and losses on instruments used to manage interest rate risk and exposures in relation to investments in overseas operations, and the movements therein are as follows:

	Forward currency swaps 2002 US$M	CCIRS interest component 2002 US$M	Interest rate swaps 2002 US$M	Finance lease swap (a) 2002 US$M	Forward currency swaps 2001 US$M	CCIRS interest component 2001 US$M	Interest rate swaps 2001 US$M	Finance lease swap (a) 2001 US$M
Opening balance/unrecognised gains	**13**	**32**	**9**	**8**	14	(24)	10	11
Gains arising in previous years recognised in the period	**(3)**	**(5)**	**–**	**(2)**	(4)	–	(2)	(2)
Gains arising before period end not included in the result for the year	**10**	**27**	**9**	**6**	10	(24)	8	9
Gains/losses arising in the year and not recognised	**21**	**(1)**	**1**	**(4)**	3	56	1	(1)
Closing balance/unrecognised gains	**31**	**26**	**10**	**2**	13	32	9	8
of which:								
Gains expected to be recognised within one year	**13**	**20**	**–**	**(1)**	3	5	–	2
Gains expected to be recognised after one year	**18**	**6**	**10**	**3**	10	27	9	6
	31	**26**	**10**	**2**	13	32	9	8

(a) Included within the book value of short-term and long-term liabilities are finance leases which have been swapped from a fixed interest rate to a floating interest rate and from a 10-year term to a five-year term. The book value of these leases is US$26 million (2001: US$25 million). The effect of the swap is to match the initial lease obligation by receiving payments over a 10-year period at a fixed rate and making payments on a floating rate over five years. For the purpose of the disclosures, the book value of the finance leases is shown as it would be excluding the effect of the finance lease swap and the balance of the book value is allocated to the finance lease swap. The fair value disclosures relate only to the swapped components and reflect the fact that the swap receivable is subject to a fixed rate.

NOTE 30. FINANCIAL INSTRUMENTS continued

Financial liabilities – interest rate and currency profile

Short-term creditors (other than short-term loans) are excluded from the disclosures below.

The currency and interest rate profile of the financial liabilities of the BHP Billiton Group as at 30 June 2002 is as follows:

	Fixed rate 2002 US$M	**Floating rate(a) 2002 US$M**	**Interest free 2002 US$M**	**Total 2002 US$M**	Fixed rate 2001 US$M	Floating rate(a) 2001 US$M	Interest free 2001 US$M	Total 2001 US$M
Currency								
US $	**1 771**	**4 119**	**7**	**5 897**	1 450	3 953	12	5 415
SA rand	**136**	**219**	**23**	**378**	195	367	108	670
Australian $	**817**	**476**	**10**	**1 303**	1 276	457	6	1 739
Canadian $	**235**	**–**	**–**	**235**	232	33	–	265
Other	**454**	**71**	**–**	**525**	440	101	–	541
	3 413	**4 885**	**40**	**8 338**	3 593	4 911	126	8 630

(a) The floating rate financial liabilities principally comprise bank loans and overdrafts bearing interest at various rates set with reference to the prevailing LIBOR or equivalent for that time period and country.

NOTE 30. FINANCIAL INSTRUMENTS continued

The weighted average interest rate of fixed rate liabilities and the weighted average maturity period of fixed rate and interest free liabilities respectively which are shown in the table below take into account various interest rate and currency swaps used to manage the interest rate and currency profile of financial liabilities.

	Weighted average fixed interest rate % 2002	**Weighted average period for which rate is fixed Years 2002**	**Weighted average period to maturity of the interest free liabilities Years 2002**	Weighted average fixed interest rate % 2001	Weighted average period for which rate is fixed Years 2001	Weighted average period to maturity of the interest free liabilities Years 2001
Currency						
US $	**8**	**13**	**1**	8	16	2
SA rand	**13**	**6**	**13**	13	7	14
Australian $	**7**	**1**	**2**	8	2	3
Canadian $	**6**	**1**	**–**	6	1	–
Other	**7**	**3**	**–**	7	3	–
	8	**8**	**8**	8	8	12

Financial assets – interest rate and currency profile
Short-term debtors are excluded from the disclosures below.

The currency and interest rate profile of the BHP Billiton Group's financial assets is as follows:

	Fixed rate 2002 US$M	**Floating rate(a) 2002 US$M**	**Non-interest bearing(b) 2002 US$M**	**Total 2002 US$M**	Fixed rate 2001 US$M	Floating rate(a) 2001 US$M	Non-interest bearing(b) 2001 US$M	Total 2001 US$M
Currency								
US $	**20**	**1 747**	**587**	**2 354**	81	1 222	452	1 755
SA rand	**5**	**99**	**31**	**135**	27	107	242	376
Australian $	**44**	**66**	**142**	**252**	14	51	331	396
Canadian $	**–**	**1**	**–**	**1**	–	20	20	40
Other	**–**	**192**	**101**	**293**	–	146	9	155
	69	**2 105**	**861**	**3 035**	122	1 546	1 054	2 722

(a) The floating rate financial assets earn interest at various rates set with reference to the prevailing LIBOR or equivalent.
(b) Included within the non-interest bearing category are fixed asset investments of US$478 million (2001: US$473 million), certain other non-current debtors of US$379 million (2001: US$283 million) the interest free portions of loans to joint ventures of US$nil million (2001: US$215 million) and other current asset investments of US$4 million (2001: US$83 million). Items included within this category are generally intended to be held for periods greater than five years.

NOTE 30. FINANCIAL INSTRUMENTS continued

Liquidity exposures

The maturity profile of the Group's financial liabilities is as follows:

	Bank loans, debentures and other loans 2002 US$M	**Obligations Under finance leases 2002 US$M**	**Subsidiary preference shares 2002 US$M**	**Other creditors 2002 US$M**	**Total 2002 US$M**
In one year or less or on demand	**2 785**	**2**	**–**	**–**	**2 787**
In more than one year but not more than two years	**127**	**33**	**150**	**14**	**324**
In more than two years but not more than five years	**3 000**	**–**	**300**	**3**	**3 303**
In more than five years	**1 924**	**–**	**–**	**–**	**1 924**
	7 836	**35**	**450**	**17**	**8 338**

	Bank loans, debentures and other loans 2001 US$M	Obligations under finance leases 2001 US$M	Subsidiary preference shares 2001 US$M	Other creditors 2001 US$M	Total 2001 US$M
In one year or less or on demand	1 719	10	356	–	2 085
In more than one year but not more than two years	1 007	8	86	15	1 116
In more than two years but not more than five years	3 361	12	448	7	3 828
In more than five years	1 566	33	–	2	1 601
	7 653	63	890	24	8 630

	2002 US$M	2001 US$M
Loans falling due after more than five years are repayable as follows:		
By instalments	**400**	528
Not by instalments	**1 524**	1 038
	1 924	1 566

The aggregate amount of loans repayable by instalments and for which at least one instalment falls due after 5 years is US$652 million (2001: US$978 million).

At 30 June 2002 borrowings of US$180 million (2001: US$292 million) and US$447 million (2001: US$399 million) due within and after more than one year respectively were secured on assets of the BHP Billiton Group.

Borrowing facilities

The maturity profile of the BHP Billiton Group's undrawn committed facilities is as follows:

	2002 US$M	2001 US$M
Expiring in one year or less	**1 281**	492
Expiring in more than two years	**401**	2 266
	1 682	2 758

None of the BHP Billiton Group's general borrowing facilities are subject to financial covenants. Certain specific financing facilities in relation to specific businesses are the subject of financial covenants which vary from facility to facility but which would be considered normal for such facilities.

NOTE 30. FINANCIAL INSTRUMENTS continued

Fair value of financial instruments

The following table presents the book values and fair values of the BHP Billiton Group's financial instruments. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the BHP Billiton Group could realise in the normal course of business.

The fair value of the BHP Billiton Group's financial instruments is as follows:

	Book value 2002 US$M	**Fair value 2002 US$M**	Book value 2001 US$M	Fair value 2001 US$M
Primary and derivative financial instruments held or issued to finance the BHP Billiton Group's operations				
Short-term borrowings	**(2 895)**	**(2 915)**	(2 145)	(2 162)
Long-term borrowings and other creditors	**(5 658)**	**(5 978)**	(6 886)	(6 921)
Cross currency contracts				
Principal	**189**	**189**	375	375
Interest rate	**–**	**57**	–	45
Finance lease swap	**26**	**28**	26	34
Interest rate swaps	**–**	**10**	–	9
	(8 338)	**(8 609)**	(8 630)	(8 620)
Cash and money market deposits	**1 499**	**1 499**	1 285	1 285
Loans to joint ventures and associates	**488**	**488**	438	438
Current asset investments	**117**	**117**	215	237
Fixed asset investments (excluding investment in own shares)	**496**	**516**	473	483
Investment in exploration companies (refer note 15)	**–**	**11**	–	5
Other debtors to be settled in cash	**435**	**413**	311	276
Derivative financial instruments held to hedge the BHP Billiton Group's exposure on expected future sales and purchases				
Forward commodity contracts	**–**	**(2)**	–	10
Forward foreign currency contracts	**–**	**(162)**	–	(615)
	(5 303)	**(5 729)**	(5 908)	(6 501)

Foreign currency assets and liabilities that are hedged using currency contracts are translated at the forward rate inherent in the contract. As a result, the net book value of the relevant asset or liability effectively includes an element of the fair value of the hedging instrument. For the purposes of the disclosures in the table above, the book value of the relevant asset or liability is shown excluding the effect of the hedge, and the balance of the net book value is allocated to the currency contracts.

Fixed asset investments above includes the investment in Sweet River Investments Limited which effectively provides the BHP Billiton Group with a 2.1 per cent interest in CVRD through Valepar SA. The fair value of this investment takes into account a put option over the Valepar SA shares.

NOTE 31. RELATED PARTIES

BHP Billiton Group companies have trading relationships with a number of joint ventures of the BHP Billiton Group. In some cases there are contractual arrangements in place under which the BHP Billiton Group companies source supplies from such undertakings, or such undertakings source supplies from the BHP Billiton Group companies. In the year ended 30 June 2002, sales made by BHP Billiton Group entities to such joint ventures amounted to US$240 million (2001: US$389 million) and purchases amounted to US$3 million (2001: US$2 million).

Amounts owing between the BHP Billiton Group and joint ventures are disclosed in notes 15 and 17.

All transactions with joint ventures and associates are conducted in the normal course of business and under normal commercial terms and conditions.

In 2001, two Directors, Mr Gilbertson and Mr Davis (resigned 29 June 2001), were granted options to purchase properties owned by the BHP Billiton Group, which they occupied rent free, at open market value at the time of exercise of the options. The properties were purchased in 2002.

Following the termination of his employment on 1 July 2002, Mr Anderson entered into a consultancy arrangement with BHP Billiton Group under which he agrees to act as a consultant to the Group for two years commencing at the time he ceases to be a Director. Mr Anderson will receive a total fee of US$104 739 under this arrangement.

The following disclosures are required under Australian GAAP, but not under UK GAAP. However, the Directors are of the opinion that this information may be of interest to all shareholders of the BHP Billiton Group.

Share transactions with Directors and Director-related entities

The former Managing Director and Chief Executive Officer, P M Anderson received 374 693 ordinary shares during the year ended 30 June 2002 (2001: 201 840) on exercise of Performance Rights. A further 50 000 exercisable rights are held and are exercisable. On the exercise of these rights P M Anderson will receive 114 765 ordinary shares.

The current Chief Executive Officer, B P Gilbertson, was conditionally awarded 274 914 shares under the Restricted Share Scheme during the year ended 30 June 2002 (2001: 1 092 618). Subject to performance hurdles being met, the shares will vest unconditionally on 1 October 2004. An additional 94 851 shares were awarded under BHP Billiton Plc’s Co-Investment Plan. Of this award, 71 431 were matching awards and 23 420 were awarded as committed shares (2001: 92 361 committed shares and 348 311 matching awards). They are not exercisable before 1 October 2003 and are subject to performance hurdles.

During the year 1 092 618 of B P Gilbertson’s Restricted Share Scheme awards vested at £3.1675 each (the market price of shares on the day of vesting) and 92 361 committed shares and 348 311 matching awards vested at £3.1675 each (the market price of shares on the day of vesting).

Other Director transactions with BHP Billiton Group entities

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

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

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

presented in US dollars and prepared in accordance with UK GAAP

NOTE 31. RELATED PARTIES continued

Transactions with Director-related entities

A number of Directors or former Directors of BHP Billiton Limited hold or have held 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:

Director of BHP Billiton Plc	Director-related entity	Position held in Director-related entity
D A Crawford(a)	KPMG Australia	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
D A Jenkins	Chartwood Resources Ltd	Chairman and Managing Director
B D Romeril(c)	Xerox Corporation	Chief Financial Officer

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

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

(c) B D Romeril retired as Chief Financial Officer of Xerox Corporation on 31 December 2001.

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

- D A Crawford resigned as Chairman and Partner of KPMG Australia on 28 June 2001. During the year ended 30 June 2001 KPMG Australia received US$1.320 million in fees for services provided to the BHP Billiton Group.
- the Wesfarmers Group received US$22.287 million during the year ended 30 June 2002 (2001: US$13.492 million) for products and services provided to the BHP Billiton Group. The Wesfarmers Group paid US$5.052 million (2001: US$7.474 million) to the BHP Billiton Group for various products. At 30 June 2002 outstanding receivables from the Wesfarmers Group were US$nil (2001: $0.303 million).
- Xerox Corporation received US$1.831 million during the year ended 30 June 2002 for products and services provided to the BHP Billiton Group. At 30 June 2002 outstanding amounts due to the Xerox Corporation were US$0.619 million.

NOTE 32. CONTINGENT LIABILITIES

	2002 US$M	2001 US$M
Contingent liabilities at balance date, not otherwise provided for in these accounts, are categorised as arising from		
Joint ventures and associates – guarantees of borrowings (unsecured)	**429**	568
Other (unsecured, including guarantees)	**498**	910
Total contingent liabilities (a)	**927**	1 478

(a) Excludes US$145 million (2001: US$127 million) of other unsecured contingent liabilities where there is either a possible or present obligation, but the likelihood of the transfer of future economic benefits is remote

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. OTML and BHP Billiton Limited assert that there has been no breach of the Settlement Agreement and are defending the claims.

BHP Billiton Limited transferred its entire shareholding in OTML to PNG Sustainable Development Program Limited (‘Program Company’) in February 2002, completing BHP Billiton Limited’s withdrawal from the Ok Tedi copper mine. The Program Company will operate for the benefit of the Papua New Guinean people.

Legal arrangements for the withdrawal encompass a series of legal releases, indemnities and warranties that safeguard BHP Billiton’s interests following its exit from OTML.

The Victorian Supreme Court litigation continues, with numerous preliminary steps and preliminary hearings having occurred during the past year. No date has been fixed for a trial.

NOTE 32. CONTINGENT LIABILITIES continued

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, following hearing of the claim against Esso the State Entities may join BHP Billiton Petroleum (Bass Strait) Pty Ltd ('BHPBP') as a further cross respondent, with the effect that if any sums are recovered against the State Entities they will seek contribution from BHPBP.

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

In turn, BHPBP may have rights against Esso as operator in relation to losses and costs BHPBP has incurred in relation to the incident, including under the cross claim by the State Entities.

On 20 February 2003 the Victorian Supreme Court found that Esso is not liable for economic loss. The court further found that Esso is liable to business users for property damage and any economic loss consequential upon property damage. The quantum of these losses is unknown and the court will need to approve a process for quantifying these losses.

Over the next few months, the court will consider questions of appeal, and whether claims against the State and BHPBP should proceed.

Reclamation and Remediation Obligations

The BHP Billiton Group's activities are subject to various national, regional, and local laws and regulations governing the protection of the environment. Furthermore, the BHP Billiton Group has a policy of ensuring that reclamation is planned and financed from the early stages of any operation. Provision is made for the reclamation of the BHP Billiton Group's mining and processing facilities along with the decommissioning of offshore oil platforms and infrastructure associated with petroleum activities. At 30 June 2002, US$1 276 million (2001: US$877 million) was accrued for reclamation and decommissioning costs relating to current operations in the provision for site rehabilitation. Although the BHP Billiton Group's provisions have been accrued for currently, reclamation and decommissioning expenditures generally are expected to be paid over the next 30 years. As stated in the BHP Billiton Group's accounting policy, the BHP Billiton Group's provisions for reclamation and decommissioning are discounted to its net present value.

In addition, the BHP Billiton Group has certain obligations associated with maintaining several closed sites including remediation activities. At 30 June 2002, US$337 million (2001: US$171 million) and US$47 million (2001: US$334 million) was provided for closed properties and remediation activities in the provisions for site rehabilitation and restructuring, respectively. Certain of the remediation activities are subject to legal dispute and depending on the ultimate resolution of these matters the final liability for these matters could vary. The amounts accrued for these matters are reviewed periodically based upon the facts and circumstances available at the time and the accruals are updated accordingly. The BHP Billiton Group believes that it is reasonably possible that the liability for these matters could be as much as 20 per cent greater than the total amount of US$384 million accrued at 30 June 2002. Details of the more significant remediation sites are discussed below.

NOTE 32. CONTINGENT LIABILITIES continued

Pinal Creek, Arizona, US

BHP Copper Inc ('BHP Copper') is involved in litigation concerning groundwater contamination resulting from historic mining operations near the Pinal Creek/Miami Wash area located in the State of Arizona.

On 2 April 1994, Roy Wilkes and Diane Dunn initiated a toxic tort class action lawsuit in the Federal District Court for the District of Arizona. On 22 September 2000, the court approved settlement reached between the parties for a non-material amount, and the terms of the settlement are now being implemented as a monitoring program.

A State consent decree ('the Decree') was approved by the Federal District Court for the District of Arizona in August 1998. The Decree authorises and requires groundwater remediation and facility-specific source control activities, and the members of the Pinal Creek Group (which consists of BHP Copper, Phelps Dodge Miami Inc and Inspiration Consolidated Copper Co) are jointly liable for performing the non-facility specific source control activities. Such activities are currently ongoing. As of 30 June 2002 the Company has provided US$31 million for its anticipated share of the planned remediation work, which represents the minimum in a range of US$31 million to US$43 million.

BHP Copper and the other members of the Pinal Creek Group filed a contribution action in November 1991 in the Federal District Court for the District of Arizona against former owners and operators of the properties alleged to have caused the contamination. The claim is for an undetermined amount but under current state and federal laws applicable to the case, BHP Copper should recover a significant percentage of the total remediation costs from the Defendants, based upon their operations' proportionate contributions to the total contamination in the Pinal Creek drainage basin. Such action seeks recovery from these historical owners and operators for remediation and source control costs. BHP Copper's predecessors in interest have asserted a counterclaim in this action seeking indemnity from BHP Copper based upon their interpretation of the historical transaction documents relating to the succession in interest of the parties. BHP Copper has also filed suit against a number of insurance carriers seeking to recover under various insurance policies for remediation, response, source control, and other costs noted above incurred by BHP Copper. The reasonable assessment of recovery in the various insurances cases has a range from US$7million to about US$20 million, depending on many factors. Neither insurance recoveries nor other claims or offsets have been recognised in the financial statements until such offsets are considered probable of realisation.

Hawaii, US

In May 1998, Petroleum divested its businesses in Hawaii. The BHP Billiton Limited Group indemnified the buyers for certain past liabilities and has capped this indemnification at less than US$10 million, some of which has now been spent. Following the divestment, the BHP Billiton Limited Group has retained some environmental liabilities for which it has indemnified the buyer and which are uncapped, as described below.

The BHP Billiton Limited Group operated a petroleum terminal, now decommissioned, at a site that is within an area that has since been declared a Hawaii State Superfund site. The BHP Billiton Limited Group is currently participating in a voluntary effort with a number of other parties to undertake site assessment, to be followed by a risk assessment, and ultimately risk-based correction actions. Site assessment is expected to be completed in 2003 and risk assessment in 2004. Some corrective action is taking place while the assessments are progressing.

Also within the Superfund area is the site of a previous manufactured gas plant. Litigation over a claim brought by a neighbour, Castle & Cooke, asserting that contamination on its property arose from the BHP Billiton Limited controlled site was settled in December 2000. Petroleum has engaged a contractor to remediate the former gas plant site to the satisfaction of the Hawaii Department of Health and to meet conditions of the Settlement Agreement. The State of Hawaii has previously requested information from the BHP Billiton Limited Group with respect to contaminated material unearthed in the vicinity of another former manufactured gas plant site, in Hilo.

In respect of these three sites, Petroleum's liabilities including remediation costs and amounts paid to settle litigation, though uncapped, are currently assessed and accrued at US$12 million.

NOTE 32. CONTINGENT LIABILITIES continued

Newcastle, Australia

On 28 June 2002, the Company and the New South Wales (NSW) Government executed contracts for the transfer of four properties in the Newcastle area from the Company to the NSW Government. The properties covered by the land transfer are the 150-hectare former Newcastle Main Steelworks site, 230 hectares at Kooragang Island, 500 hectares at Belmont Sands and 1500 hectares at West Wallsend.

Pursuant to the terms of the contracts the NSW Government agreed to pay the Company US$20 million (net of GST) for the Main Steelworks site. The other properties are to be transferred to the NSW Government at no cost. The Company will pay the NSW Government the sum of US$62 million (net of GST) for environmental remediation and monitoring of the former Main Steelworks site and Kooragang Island, industrial heritage interpretation and rail infrastructure relocation on the former Main Steelworks site.

The transfer of the four properties was conditional, amongst other things, on an indemnity from the NSW Government against responsibility for the remediation of contamination on the Main Steelworks site and Kooragang Island and contamination, which has migrated to or has been transported off these sites after the date of completion. The Company will retain responsibility for any pre-completion environmental liabilities associated with Belmont Sands and West Wallsend and for pre-existing off-site contamination from the former Main Steelworks site and Kooragang Island.

The Company continues to be responsible for demolition at the Main Steelworks site at an estimated cost of around US$11 million.

The payments to the Government associated with the land transfers and the cost of demolition has been accounted for as part of the Newcastle Steelworks closure.

The transfers of the four properties referred to above were completed on 31 July 2002 and the indemnity referred to above is now in place. The Company has also taken out pollution liability insurance to cover certain risks associated with pre-completion environmental liabilities referred to above.

Additionally the Company retains responsibility for certain sediment in the Hunter River adjacent to the former Main Steelworks site. A remediation options study has been completed.

The estimated total future costs provided at 30 June 2002 were approximately US$75 million. Following completion of the land transfers (at a net cost of US$42 million) the balance of the provision is US$33 million in relation to the remaining Newcastle Steelworks closure costs.

Ok Tedi, Papua New Guinea

The BHP Billiton Group completed its withdrawal from the Ok Tedi copper mine in Papua New Guinea in February 2002 with the transfer of its 52 per cent equity stake to PNG Sustainable Development Program Limited (Program Company), a development fund that will operate for the benefit of the Papua New Guinean people.

The Program Company will operate independently and will utilise future dividend payments arising from the BHP Billiton Group's transferred shareholding in Ok Tedi Mining Limited (OTML) to fund current and long-term sustainable development projects in Papua New Guinea, particularly the Western Province.

Following the transfer of BHP Billiton's shareholding, the equity participants in OTML are: PNG Sustainable Development Program Limited (52 per cent); the State of Papua New Guinea (30 per cent) and Inmet Mining Corporation (18 per cent). OTML will continue to operate the mine on behalf of the shareholders.

Additionally the withdrawal agreement requires cash provisioning by OTML for mine closure and provides a scheme for retention of a responsible and skilled mine management team including transfer of existing BHP Billiton Group Ok Tedi staff to OTML.

NOTE 32. CONTINGENT LIABILITIES continued

The BHP Billiton Group will also provide financial support to the Program Company by way of a fully repayable, interest free funding facility of US$100 million for a period of three years (until it has built up its own fund) with repayment arrangements if these are used. As any allocations from the funding facility are fully repayable, BHP Billiton's assessment is that these arrangements do not require provisioning in the BHP Billiton Group's accounts.

The financial support provided by the BHP Billiton Group will ensure the Program Company has immediate access to finance for environmental remediation or other capital requirements, in accordance with its shareholder obligations, prior to the accumulation of sufficient funds in the Program Company from future dividend flows.

Following the equity transfer, the BHP Billiton Group will no longer benefit financially from the Ok Tedi mine operations and, as a result, the BHP Billiton Group negotiated the agreement for its withdrawal to provide protection from any future liabilities including legal claims. The legal arrangements encompass a series of legal releases, indemnities and warranties that safeguard the BHP Billiton Group's interests following its formal exit from the project.

NOTE 33. BHP BILLITON PLC (UNCONSOLIDATED PARENT COMPANY)

BHP Billiton Plc (the unconsolidated parent company) is exempt from presenting its own profit and loss account in accordance with s230 of the Companies Act 1985. BHP Billiton Plc (the unconsolidated parent company) is required to present its balance sheet and certain notes to the balance sheet on a stand-alone basis as at 30 June 2002 and 2001 as follows:

BHP Billiton Plc (unconsolidated parent company) balance sheet

	BHP Billiton Plc	
	2002	2001
	US$M	US$M
Fixed assets		
Investments		
Subsidiaries	**3 030**	3 030
	3 030	3 030
Current assets		
Debtors – due within one year (a)	**97**	164
Cash including money market deposits	**–**	47
	97	211
Creditors – amounts falling due within one year (b)	**(613)**	(364)
Net current liabilities	**(516)**	(153)
Total assets less current liabilities	**2 514**	2 877
Provisions for liabilities and charges (c)	**(10)**	–
Net assets	**2 504**	2 877
Attributable net assets	**2 504**	2 877
Capital and reserves		
Called up share capital – BHP Billiton Plc	**1 160**	1 160
Share premium account (d)	**592**	592
Profit and loss account (d)	**752**	1 125
Equity shareholders' funds (e)	**2 504**	2 877

NOTE 33. BHP BILLITON PLC (UNCONSOLIDATED PARENT COMPANY) continued

Notes to the BHP Billiton Plc (unconsolidated parent company) balance sheet

(a) Debtors – due within one year

	BHP Billiton Plc	
	2002	2001
	US$M	US$M
Amounts owed by Group undertakings	**84**	151
Tax recoverable	**13**	13
	97	164

(b) Creditors – amounts falling due within one year

	BHP Billiton Plc	
	2002	2001
	US$M	US$M
Amounts owed by Group undertakings	**456**	171
Accruals and deferred income	**6**	7
Dividends payable	**151**	186
	613	364

The audit fee payable in respect of the audit of the BHP Billiton Plc company financial statements was US$15 000 (2001: US$10 000; 2000: US$10 000).

(c) Provisions for liabilities and charges as at 30 June 2002 includes US$6 million for employee entitlements, US$3 million for restructuring and US$1 million for post-retirement medical benefits.

(d) Reserves

	BHP Billiton Plc		BHP Billiton Plc	
	Share premium account	**Profit & loss account**	Share premium account	Profit & loss account
	2002	**2002**	2001	2001
	US$M	**US$M**	US$M	US$M
At beginning of year	**592**	**1 125**	27	1 206
Retained loss for the year	**–**	**(373)**	–	(81)
Premium on issue of ordinary shares for cash	**–**	**–**	565	–
At end of year	**592**	**752**	592	1 125

(e) Reconciliation of movements in shareholders' funds

	BHP Billiton Plc	
	2002	2001
	US$M	US$M
(Loss)/profit for the financial period	**(72)**	197
Total recognised gains and losses	**(72)**	197
Dividends	**(301)**	(278)
Issue of ordinary shares for cash	**–**	656
Net movement in shareholders' funds	**(373)**	575
Shareholders' funds at beginning of year	**2 877**	2 302
Shareholders' funds at end of year	**2 504**	2 877

Contingent liabilities

BHP Billiton Plc has guaranteed certain financing facilities available to subsidiaries. At 30 June 2002 such facilities totalled US$614 million (2001: US$3 160 million) of which US$258 million (2001: US$1 707 million) was drawn.

Under the terms of a deed poll guarantee BHP Billiton Plc has also guaranteed certain current and future liabilities of BHP Billiton Limited. At 30 June 2002 the guaranteed liabilities amounted to US$4 345 million, (2001: US$3 267 million).

presented in US dollars and prepared in accordance with UK GAAP

NOTE 34. REMUNERATION

Executive Directors' and senior executives' remuneration

On 30 June 2002, there were three executive Directors on the Boards of BHP Billiton Limited and BHP Billiton Plc:

Mr P M Anderson	: Chief Executive Officer and Managing Director
	: Appointed to the Board in December 1998
Mr B P Gilbertson	: Deputy Chief Executive Officer
	: Appointed to the Board in July 1997
Mr C W Goodyear	: Chief Development Officer
	: Appointed to the Board in November 2001

Mr R J McNeilly was an executive Director of BHP Billiton Limited and BHP Billiton Plc until 16 October 2001.

1. Remuneration

The following tables set out an analysis of the remuneration, including bonuses and termination payments and the estimated value of retirement benefits and awards made under any Long-Term Incentive Plan or other share-based compensation, of the individual executive Directors and the five highest earning executive officers during the year ended 30 June 2002. Comparative information for 2001 is shown for executive Directors. Details of payments to former executive Directors are also provided.

EXECUTIVE DIRECTORS

US Dollars	Base Salary	Annual Cash Bonus	Deferred Cash Bonus	Other Benefits	Termination Payments	**Total 2002**	Total 2001
P M Anderson(a)	837 916	1 181 461		595 642		**2 615 019**	1 879 953
B P Gilbertson	1 157 742	1 574 530	763 404	249 439		**3 745 115**	2 229 831
R J McNeilly	285 308				1 740 852	**2 026 160**	1 068 179
C W Goodyear(b)	732 829	968 162		602 239		**2 303 230**	1 412 072

US Dollars	Total 2002 b/f	Retirement Benefits	Share-based Compensation – short-term	Share-based Compensation – long-term	**Total 2002**
P M Anderson	2 615 019		2 328 560		**4 943 579**
B P Gilbertson	3 745 115	679 809		635 642	**5 060 566**
R J McNeilly	2 026 160				**2 026 160**
C W Goodyear	2 303 230			240 190	**2 543 419**

(a) Mr Anderson was paid an additional sum of US$5 140 601 after the end of the financial year in connection with the cessation of his employment.
(b) Total remuneration paid to Mr Goodyear while a Director of the Company was US$1 285 402. This was made up of Base salary US$408 618, Annual Cash Bonus US$562 330, Other Benefits US$314 454.

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

FORMER EXECUTIVE DIRECTORS

US Dollars	Base Salary	Annual Cash Bonus	Deferred Cash Bonus	Other Benefits	Termination Payments	**Total 2002**	Total 2001
M Davis	171 606			203 046		**374 652**	1 652 129
D Munro	717 314	417 835		102 111		**1 237 260**	1 368 319
M Salamon	868 307	1 311 143		254 007		**2 433 457**	1 497 591

US Dollars	Total 2002 b/f	Retirement Benefits	Share-based Compensation – short-term	Share-based Compensation – long-term	**Total 2002**
M Davis	374 652	73 945			**448 597**
D Munro	1 237 260			276 041	**1 513 301**
M Salamon	2 433 457	493 913		502 107	**3 429 477**

FIVE HIGHEST PAID OFFICERS (OTHER THAN DIRECTORS)

US Dollars	Base Salary	Annual Cash Bonus	Deferred Cash Bonus	Other Benefits	Termination Payments	**Total 2002**
M Salamon	868 307	1 311 143		254 007		**2 433 457**
P S Aiken	601 012	746 007		348 448		**1 695 467**
B A Mills	520 625	682 500		294 782		**1 497 907**
M L Kloppers	415 420	654 287		467 279		**1 536 986**
I C Fraser	455 861	706 585		264 673		**1 427 119**

US Dollars	Total 2002 b/f	Retirement Benefits	Share-based Compensation – short-term	Share-based Compensation – long-term	**Total 2002**	Number of share awards granted
M Salamon	2 433 457	493 913		502 107	**3 429 477**	262 061
P S Aiken	1 695 467	109 647		300 422	**2 105 536**	137 588
B A Mills	1 497 907	107 127		290 492	**1 895 526**	134 537
M L Kloppers	1 536 986			326 965	**1 863 951**	154 961
I C Fraser	1 427 119			129 353	**1 556 472**	79 100

Annual cash bonus

In addition to a base salary, executive Directors are entitled to participate in an annual incentive plan. Under the plan for the year ended 30 June 2002, Mr Anderson and Mr Gilbertson had a target bonus of 100 per cent and Mr Goodyear had 75 per cent of base salary tied to the achievement of pre-determined performance objectives. The actual bonus for the year for each executive Director is detailed in the table of executive Directors' emoluments.

Deferred cash bonus

Mr Gilbertson is entitled to a total deferred cash bonus of US$3 053 615 under his employment contracts with BHP Billiton Plc and BHP Billiton Services Jersey Limited, to be paid over a four-year period from the completion of the merger in quarterly instalments (subject to continued employment).

Other benefits

This includes allowances and the value of non-cash benefits where appropriate, such as health insurance, housing, life assurance, car allowance, tax advisory benefit and relocation allowances. The amounts are inclusive of GST or VAT. Executive Directors could be provided with living accommodation instead of all, or part of, the relocation allowance at the discretion of the Remuneration Committee. This amount includes fringe benefits tax where applicable.

In addition to relocation expenses, a relocation allowance of US$150 000 was paid to Mr Goodyear following his relocation from Australia to the UK on 21 December 2001. Mr Goodyear will receive two further annual payments of US$150 000, payable on the first and second anniversary of his move.

Under the terms of his employment arrangements with BHP Billiton Services Jersey Limited, Mr Brian Gilbertson occupied a flat in London (owned by a BHP Billiton Group company) rent-free until 6 November 2001. On 7 April 2001 he was granted an option to purchase the property at open market value. That option expired on 6 October 2001 and was not renewed.

From 7 November 2001, Mr Gilbertson paid a market rent for the property together with applicable services charges. The applicable rental was set on the basis of advice from independent property valuers. The total paid in rent and charges for the period from 7 November 2001 to 27 June 2002 was US$106 007.

On 27 June 2002, Mr Gilbertson purchased the property for US$3 496 382. This represented the market value as advised by independent property valuers. Some contents at the property belonging to the vendor were also transferred to Mr Gilbertson. The price paid for those contents was US$124 074 and was determined after reference to an independent valuation.

The rental paid by Mr Gilbertson, and the prices paid by him to acquire the property and the contents, reflect market rates and values respectively.

From 21 September 2001, a property in Melbourne was made available to Mr Gilbertson rent-free.

Mr Anderson was provided with a benefit following the Remuneration Committee's review of his remuneration and Mr Gilbertson's remuneration to ensure parity as stated in last year's Annual Report. Mr Gilbertson and Mr Goodyear are entitled to certain benefits including medical insurance, permanent health insurance, car allowance and the use of certain BHP Billiton Group facilities and benefits. Mr Goodyear also receives a tax impact allowance, which is designed to compensate him for any additional tax payable on his personal assets as a result of his move from the US to Australia and subsequently the UK.

Termination payments

Mr Anderson's employment contract as Managing Director and CEO was terminated as part of the Group merger arrangements on 1 July 2002, although he has agreed to continue as a non-executive Director without compensation until the close of the Annual General Meetings of BHP Billiton on 4 November 2002.

Under his employment contract, Mr Anderson would have been entitled to receive upon termination an amount of US$1 675 831, which is equal to twice his annual base salary. An equivalent amount will be paid as follows:

- a consultancy arrangement with a total value of US$104 739 under which Mr Anderson agrees to act as a consultant to the Group for two years commencing at the time he ceases to be a Director; and

- further payments totalling US$1 571 092.

In addition, Mr Anderson's employment contract entitled him to exercise those Performance Rights awarded under the original contract that had not become exercisable, being 400 000 Performance Rights (300 000 of which became exercisable on termination, with a notional value of US$3 464 770 using the share price of US$5.39 per share). Although his contract entitled him to exercise the 400 000 rights without reference to service or performance hurdles, Mr Anderson voluntarily requested that 100 000 Performance Rights issued in relation to the year ended 30 June 2002 remain subject to performance conditions. His performance against the conditions was assessed in August 2002 and, as a result, all of those Performance Rights are now exercisable.

In total, the value of Mr Anderson's termination benefits was US$5 140 601.

Mr McNeilly's employment contract was terminated on 31 December 2001. Mr McNeilly received a termination payment in accordance with the Company redundancy policy, that applies to all employees, which is based on years of service with the Group.

The lump sum payment of US$1 740 852 included amounts in respect of redundancy (based on years of service), long service leave and annual leave.

presented in US dollars and prepared in accordance with UK GAAP

Retirement benefits

The estimated benefit in respect of pensions includes contributions payable in respect of defined contribution arrangements and actual/notional contributions that would have been required to secure the defined benefit promises earned in the year.

Details of defined contribution payments made, and defined benefit pensions entitlements earned by executive Directors are set out in section 2 below.

Short-term share-based compensation

Mr Anderson held Performance Rights entitling him to acquire BHP Billiton Limited shares at no cost. Those rights were issued pursuant to the equity component of his contract of employment and were approved by shareholders at a meeting on 26 February 1999. During the year he became entitled to exercise 200 000 Performance Rights.

Long-term share-based compensation

The amount in respect of long-term share-based compensation represents the estimated value of awards granted under the long-term incentive schemes. The estimated values have been calculated using a modified Black-Scholes option pricing methodology. Details of outstanding awards and awards vesting in the year, for executive Directors, are set out in the tables below.

Share awards granted

The share awards granted show the number of Performance Rights for participants in the Performance Share Plan, Restricted Shares for participants in the Restricted Share Scheme, Share Awards under the Bonus Equity Share Plan and Committed, and Matching Awards granted for participants in the Co-Investment Plan and Medium Term Incentive Scheme.

Each of these awards constitutes a right to a share issued by a trustee of a special purpose trust, and requires the trustee to acquire a BHP Billiton share on behalf of the executive, upon fulfilment of prescribed performance hurdles. Full details of each of these share plan arrangements are included in note 23 of the BHP Billiton Plc Annual Report 2002 Financial Statements and note 31 of the BHP Billiton Limited Annual Report 2002 Combined Financial Statements.

2. Retirement benefits of executive Directors

The following table sets out the pension benefit entitlements of the individual executive Directors who held office during the year ended 30 June 2002. The basis upon which the table has been prepared is to set out the amount of increase in the accrued annual pension payable at normal retirement age (65), before commutation, to which the executive Director has become entitled during the current year.

ANNUAL PENSION ENTITLEMENTS UPON REACHING RETIREMENT AGE

Name	Age at 30 June 2002	Accrued annual pension entitlement at 30 June 2002 US$	Additional accrued pension entitlement net of inflation US$	Accrued annual pension entitlement at 30 June 2001 US$	Additional accrued pension entitlement net of inflation US$	Accrued annual pension entitlement at 30 June 2000 US$
B P Gilbertson	58	861 386	50 363	731 000	128 412	641 100

Mr Gilbertson

BHP Billiton Plc and BHP Billiton Services Jersey Limited have established non-contributory defined benefit pension arrangements under which Mr Gilbertson will be entitled to a pension on retirement, equal to two-thirds of Pensionable Salary for service completed with the Group to 29 June 2001 plus an additional pension of 1/30th of Pensionable Salary for each year of service completed after 29 June 2001 (with complete days counted proportionately). The total pension will not exceed 100 per cent of Pensionable Salary. Only base salary is pensionable.

If Mr Gilbertson retires before age 60, his accrued defined benefit pension entitlement will normally be reduced for early payment at the rate of four per cent per annum.

In the event of death in service, a lump sum death in service benefit of four times base salary will be paid. A spouse's pension on death in service of two-thirds of the prospective pension will also be paid.

In the event of the death of Mr Gilbertson while in retirement, a surviving spouse's pension of two-thirds of the pension in payment, before the effect of commutation, will be paid.

All pensions in payment will be indexed in line with the retail price index.

Mr Anderson

Mr Anderson does not participate in a BHP Billiton Limited pension scheme.

Mr McNeilly

Mr McNeilly was a non-contributory member of the BHP Billiton defined benefit Superannuation Fund mentioned above.

Members are entitled to a lump sum benefit from the Fund at the age of 55 which is equal to 20 per cent of the Final Average Salary for each year of membership up to 36 years. Mr McNeilly achieved service in excess of 36 years.

Mr Goodyear

Mr Goodyear does not participate in a retirement benefit plan and receives a payment of 20 per cent of annual base salary in lieu.

3. Service Contracts

Mr Anderson

Mr Anderson was employed by BHP Billiton Limited under a fixed-term service contract that commenced on 1 December 1998. The contract provided that the term continued until 31 October 2003 unless the contract was terminated by Mr Anderson by giving not less than 60 days' written notice. The contract was also terminable by BHP Billiton Limited for cause, or reason of death, disablement or protracted illness.

Mr Anderson's employment contract as Managing Director and CEO was terminated as part of the Group merger arrangements on 1 July 2002, although he has agreed to continue as a non-executive Director without compensation until the close of the Annual General Meeting of BHP Billiton Plc on 4 November 2002.

Mr Anderson's contract provided for the following termination entitlements:

- a payment equal to twice his annual salary as at the date of termination
- reimbursement of reasonable relocation costs for himself and his immediate family from Australia to the US
- the right to exercise the balance of his Performance Rights, granted to him under the Performance Share Plan, remaining to be exercised under the contract, irrespective of whether he has satisfied the relevant performance hurdles
- a period of two years following the date of termination in which he is entitled to exercise all the options granted to him under the Employee Share Plan, irrespective of whether he has satisfied the relevant performance hurdles.

These contractual arrangements were made at the commencement of Mr Anderson's employment as competitive practice at that time demanded. The amount of payments and benefits awarded to Mr Anderson on termination are set out on page F-105.

Mr Gilbertson

Mr. Gilbertson has contracts of employment with:

- BHP Billiton Plc dated 29 July 2001
- BHP Billiton Services Jersey Limited, a wholly-owned subsidiary of BHP Billiton Plc dated 29 July 2001
- BHP Billiton Limited dated 29 June 2001
- BHP Billiton International Services Ltd, a wholly-owned subsidiary of BHP Billiton Plc, dated 12 July 2001. (Mr. Gilbertson is currently seconded under this agreement to BHP Billiton Executive Services Company Pty Ltd (Secondee Company)).

Each service contract can be terminated by each company giving 24 months' notice, provided that such notice is not given prior to 29 June 2003. The contracts can be terminated by Mr Gilbertson giving 12 months' notice, provided that such notice does not expire prior to 29 June 2003. These contractual arrangements were made (and disclosed) at the commencement of the merger, in order to ensure consistency, stability and time for succession planning in the light of the changes occurring at chief executive level as a result of the merger.

In the event that Mr Gilbertson's employments are terminated because of sickness, injury or other incapacity, he will be entitled to receive the remaining instalments of his deferred bonus that would otherwise have become payable at the end of the quarter in which the terminations occur. If the employment is terminated for a reason other than sickness or gross neglect of his duties, Mr Gilbertson will be entitled to receive payments equivalent to the lesser of the balances of the deferred bonuses that would otherwise have become payable, in quarterly instalments or the total sum of US$2 442 891.

Mr Goodyear

Mr Goodyear has contracts of employment with:

- BHP Billiton Limited dated 23 March 1999; and
- a secondment contract from BHP Billiton Limited to BHP Billiton Plc and Billiton International Services Limited dated 21 December 2001.

The service contracts can be terminated by either the Company or Mr Goodyear providing one months' notice. In addition to the above, should his service be terminated at the request of the Company for any reason other than cause within the first five years of his employment then the Company will continue to pay his base salary until such time (to a maximum of 12 months) as he obtains alternative employment.

In addition to the above, should there be a diminution of his responsibilities or a decrease in his base salary inconsistent with other senior officers of the Company, then within six months of such action by the Company he may elect to resign from the Company and the Company will continue to pay his base salary as it existed before such action by the Company until such time (to a maximum of 12 months) as he obtains alternative employment.

In the event that Mr Goodyear's contract ends for any reason, he is entitled to reimbursement of reasonable relocation costs for himself and his immediate family from his location to the US. The company will also reimburse the costs associated with the sale of his overseas residence in the event these costs are not borne by a successor employer.

Mr McNeilly

Mr McNeilly served as an executive Director on the Board. There was no written service contract for Mr McNeilly. Mr McNeilly's employment terminated on 31 December 2001 when he was made redundant as a result of the BHP Billiton Limited and BHP Billiton Plc merger.

Mr McNeilly stepped down from the position of executive Director of BHP Billiton Limited on 16 October 2001. His position as Executive Director Global Markets was made redundant effective 31 December 2001 as a result of the merger for which he was eligible to receive a redundancy payment. This was calculated in accordance with BHP Billiton Limited's redundancy policy at that time.

presented in US dollars and prepared in accordance with UK GAAP

4. Executive Directors' interests in long-term incentive plans and other share schemes

The following tables set out details of executive Directors' interests in share plans including the number of shares awarded in the financial year ended 30 June 2002.

Adjustments were made to share awards held by all employees (including executive Directors) as a result of the public listing of BHP Steel Limited. These adjustments were made solely to compensate for the capital reduction in BHP Billiton Limited that resulted from the demerger of BHP Steel Limited, and the matching action of a bonus issue made by BHP Billiton Plc at the same time. These adjustments were made in July 2002 at the time of the BHP Steel Limited public listing and as such are not factored into the awards shown below as they occurred after the end of the financial year.

BHP Billiton Plc

Restricted Share Scheme

Following completion of the merger, the potential awards vested in full on 20 August 2001. The value of awards vesting has been calculated using the share price on the date of vesting, which was £3.1675 although the shares may have been retained. The share price at the end of the year was £3.36 and the highest and lowest prices during the year were £3.92 and £2.42 respectively.

Potential awards were made on 8 November 2001 when the share price was £2.89.

The performance hurdles attached to the Restricted Shares issued in November 2001 relate to a global comparator group of companies. The BHP Billiton Plc Group's performance in terms of TSR is measured against this group of companies and the UK Retail Price Index to determine if the performance hurdles have been achieved. Regarding the Restricted Shares that were issued as long-term incentives, if the hurdles are not achieved by 30 September 2004 then 75 per cent of the Restricted Shares lapse. The performance hurdles are measured again at 30 September 2005 and 30 September 2006 and, if the hurdles are not achieved, then the remaining 25 per cent of the Restricted Shares lapse. These Restricted Shares only vest to the extent rights under the BHP Billiton Limited Performance Share Plan are exercisable based on those performance hurdles.

The BHP Billiton Share Ownership Trust held 659 882 Ordinary Shares at 30 June 2002 (2001: 14 225 249). The executive Directors are deemed to be interested in these shares as beneficiaries of the trust.

At the date of this Report the number of shares subject to potential awards were 292 576.

BHP Billiton Plc

RESTRICTED SHARE SCHEME

Name	Potential Awards				Value of vested
	1 July 2001	Made in year	Vested	**30 June 2002**	shares US$
B P Gilbertson	1 092 618	274 914	1 092 618	**274 914**	5 004 190

CO-INVESTMENT PLAN

Name	Matching Awards				Committed shares		Value of vested
	1 July 2001	Made in year	Vested	**30 June 2002**	1 July 2001	**30 June 2002**	shares US$
B P Gilbertson	348 311	71 431	348 311	**71 431**	92 361	**23 420**	1 595 264

Co-Investment Plan

Following completion of the merger, the matching awards vested in full on 20 August 2001. The value of awards vesting has been calculated using the share price on the date of vesting, although the shares may have been retained. The share price at the date of vesting was £3.1675. The share price at the end of the year was £3.36 and the highest and lowest prices during the year were £3.92 and £2.42 respectively.

In the case of matching awards made under the CIP by Directors, vesting was subject to an agreement by the executive to retain approximately three-quarters of the shares acquired on exercise for a period of 12 months, or in the case of Mr Gilbertson for three years, following the DLC merger (subject to deductions to cover income and social taxes).

On 8 November 2001, executive Directors were invited to participate in the Co-Investment Plan.

The vesting of matching awards is determined by reference to two performance periods. The first performance period is two years in length and the second performance period is four years in length. Both performance periods commence on the date the awards were granted 8 November 2001. The proportion of shares subject to the award that vest at the end of the relevant performance period will be determined by BHP Billiton Plc's performance measured in terms of:

- total shareholder return relative to the total shareholder return of a global comparator group of companies; and
- earnings per share growth in excess of an inflationary underpin based on the UK Retail Price Index.

If both performance hurdles are achieved at the end of the first performance period, the corresponding number of matching awards will vest. At this time, the participant has the option to remain within the Plan and enter the second performance period or leave the Plan. If the participant opts to leave the Plan at this stage, committed shares will be released together with any shares under the matching award that may have vested. All remaining shares under the matching award will then lapse.

If a participant chooses to remain in the Plan, the second performance period will be relevant and there will be an opportunity for more shares to be awarded under the matching award, subject to performance conditions being met at the end of the four-year period. Shares only vest to the extent rights vest under BHP Billiton Limited's Medium Term Incentive Plan.

At the date of this Report, the number of shares subject to potential awards were 76 021 and the number of committed shares were 24 925.

BHP Billiton Limited

Performance Share Plan

The performance hurdles attached to offers of Performance Rights issued in November 2001 relate to a global comparator group of companies. The BHP Billiton Limited Group's performance in terms of TSR is measured against this group of companies and the Australian Consumer Price Index to determine if the performance hurdles have been achieved. Regarding the Performance Rights which were issued as long-term incentives, if the hurdles are not achieved by 30 September 2004, then 75 per cent of the Performance Rights lapse. The performance hurdles are measured again at 30 September 2005 and 30 September 2006 and, if the hurdles are not achieved, then the remaining 25 per cent of the Performance Rights lapse. These rights only become exercisable to the extent rights under the BHP Billiton Plc Restricted Share Scheme are exercisable, based on those performance hurdles. The share price at the end of the year was A$10.30 and the highest and lowest prices during the year were A$12.49 and A$7.87 respectively.

Mr Anderson was issued with 1 000 000 Performance Rights after approval by shareholders in the General Meeting on 26 February 1999. The Performance Rights were subject to performance and service conditions, upon completion of these conditions, each Performance Right constituted the right to acquire 2.1411 ordinary BHP Billiton Limited Shares. The Performance Rights had a zero exercise price. Mr Anderson accrued the entitlement to exercise 100 000 Performance Rights per annum subject to satisfying a service condition and up to 100 000 Performance Rights per annum subject to satisfying performance targets set by the Board on an annual basis.

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

PERFORMANCE SHARE PLAN

Name	Shares yet to vest under Performance Rights					Weighted average share price at exercise A$
	1 July 2001 (or later date of appointment)	Granted	Vested	Lapsed	**30 June 2002 (or earlier retirement)**	
P M Anderson(4)	1 284 661(1)	–	428 220	–	**856 441**	9.80
C W Goodyear(3)	299 491	–	–	–	**299 491**(2)	n/a
R J McNeilly(4)	118 170(1)	–	118 170	–		n/a

(1) Includes accrued bonus shares issued as a result of the DLC Merger Bonus Issue 5 July 2001.

(2) At 30 June 2002 nil rights were exercisable.

(3) 127 400 performance shares were granted on 8 November 2001 prior to Mr Goodyear's appointment as an executive Director.

(4) 321 165 shares under Performance Rights held by Mr Anderson vested and were exercised during the year. Mr McNeilly exercised no Performance Rights whilst an executive Director.

EMPLOYEE SHARE PLAN

Name	Shares under option						Adjusted average exercise price	Share price at exercise
	1 July 2001 (or later date of appointment)	Granted	Vested	Exercised	Lapsed	30 June 2002 (or earlier retirement)		
P M Anderson	2 065 100(1)	–	2 065 100	–	–	2 065 100	$7.62(2)	n/a
C W Goodyear	1 445 570(1)	–	722 785	–	–	1 445 570	$7.95(2)	n/a
R J McNeilly	516 275(1)	–	516 275	–	–	516 275	$7.61(2)	n/a

(1) Includes accrued bonus shares issued as a result of the DLC Merger Bonus Issue 5 July 2001.

(2) Represents exercise price (pre-adjustment for BHP Steel capital reduction 5 July 2002) divided by bonus factor.

Mr Anderson's employment as an executive Director terminated on 1 July 2002 when he became entitled to exercise his outstanding Performance Rights other than 100 000 Performance Rights that he agreed would remain in escrow (see page F-105). These Performance Rights lapse if not exercised prior to 1 July 2004.

Mr McNeilly was issued 57 222 Performance Rights after approval by shareholders in the General Meeting held on 17 October 2000. Each Performance Right constitutes the right to acquire 2.0651 ordinary BHP Billiton Limited shares subject to a performance hurdle. The Performance Rights had zero exercise price. Mr McNeilly retired as a Director on 31 December 2001. These Performance Rights became exercisable upon his retirement and Mr McNeilly exercised them on 31 May 2002 when the share price was A$10.80.

Employee Share Plan

Mr Anderson was issued with 1 000 000 options and Mr McNeilly with 250 000 options under the BHP Billiton Limited Employee Share Plan after approval by shareholders in the BHP Billiton Limited General Meeting on 26 February 1999. The options were not exercisable before 23 April 2002 and were subject to performance hurdles. The performance hurdle related to BHP Billiton Limited's total shareholder return relative to comparator groups of companies. Performance against the hurdle was first measured during the year ended 30 June 2002 and the options became fully exercisable. The options expire on 22 April 2009.

Mr McNeilly exercised options issued to him on 23 April 1999 on 21 May 2002 when the share price was A$11.20.

Mr Goodyear's options were granted prior to his appointment as executive director. 722 785 shares under option could be acquired through exercise at 30 June 2002.

The share price at the end of the year was A$10.30 and the highest and lowest prices during the year were A$12.49 and A$7.87 respectively.

BHP BILLITON EXECUTIVE SHARE SCHEME

Name	Number of shares	
	30 June 2002	30 June 2001
R J McNeilly	**1 763 731**(1)	1 763 731(1)

(1) Includes fully paid bonus shares issued as a result of the DLC Merger Bonus Issue 5 July 2001 and fully paid bonus shares issued as a result of rights issues in 1995 and 1989.

Remuneration of non-executive Directors

As foreshadowed in the last annual report, a review of fees payable to non-executive Directors was conducted during the year. The principles that underpinned that review were that Directors would receive one fee only for their service as Directors of both Companies, the aggregate of fees paid would be contained within the cap of US$3 million approved by shareholders in May 2001, and fees would be conformed so that all Directors would receive the same base fee for service.

The Board (comprised of executive Directors with no personal interest in the outcome) determined the revised fees that were announced on 2 May 2002. To assist in determining the appropriate fees, a report was commissioned from Andersen to provide information on the level and mix of fees payable to non-executive Directors in Australia, the UK and the US.

The new remuneration rates reflect the size and complexity of the Group and the considerable travel burden imposed on members of the Board, and comprise the following elements:

- a base fee of US$60 000 per annum (payable from 1 July 2001)
- a fee of US$1000 for each meeting attended (payable from 1 January 2002)
- a fee of US$7500 to the chairman of a Committee of the Board (payable from 1 July 2001)
- a travel allowance of US$1000 for air travel that is more than four hours but less than 12 hours and US$2500 where air travel is more than 12 hours.

The Chairman's remuneration was fixed at four times the base fee for non-executive Directors. He does not receive any additional fees for chairing the Nomination Committee, or any Board meeting attendance fees.

The Deputy Chairman is paid a fee of US$150 000. As in the case of the Chairman, no additional fees are paid for chairing the Remuneration Committee, or for attending meetings of the Board.

Fees are denominated in US dollars and are paid in either US dollars, Australian dollars or UK pounds, as nominated by the Director.

Each non-executive Director is appointed for an indefinite term, subject to periodic re-election by the shareholders. There are no provisions in any of the non-executive Director's appointment arrangements for compensation payable on early termination of their directorship.

presented in US dollars and prepared in accordance with UK GAAP

FEES PAID TO NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2002

	Fees and allowances US$	Other benefits US$	**2002 Total US$**	2001 Total US$	**2002 Retirement benefits US$**	**2002 Total US$**
Don Argus	245 000		**245 000**	235 972	**16 524**	**261 524**
Ben Alberts	70 000		**70 000**	58 993	**3 470**	**73 470**
David Brink	78 500	1 531	**80 031**	61 913		**80 031**
Michael Chaney	71 000		**71 000**	58 993	**4 362**	**75 362**
John Conde	67 500		**67 500**	58 993	**4 130**	**71 630**
David Crawford	84 000		**84 000**	58 993	**4 343**	**88 343**
Cornelius Herkströter	69 000	1 531	**70 531**	78 106		**70 531**
John Jackson	155 000		**155 000**	77 480		**155 000**
David Jenkins	69 000		**69 000**	58 993	**1 785**	**70 785**
Derek Keys	69 000	7 969	**76 969**	55 776		**76 969**
John Ralph	69 000		**69 000**	58 993	**4 130**	**73 130**
Lord Renwick	68 000		**68 000**	50 540		**68 000**
Barry Romeril	69 000	1 531	**70 531**	50 294		**70 531**
John Schubert	70 000		**70 000**	58 993	**4 130**	**74 130**
Matthys Visser	–	–	–	23 499	–	–

In 1989, the shareholders of BHP Limited (now BHP Billiton Limited) approved a Retirement Plan under which non-executive Directors received a payment on retirement. The payment was calculated by reference to years of service. The existence of plans such as this have been a common feature of remuneration arrangements for non-executive Directors in Australia and BHP Billiton has always sought and obtained shareholder approval for its plans.

At the time of the merger, the Boards recognised that best practice had moved away from such plans and it was agreed that no new entrants would be admitted. This included the Directors of Billiton Plc who did not join the plan, notwithstanding that they had become Directors of BHP Billiton Limited under the terms of the merger. The Board has resolved to formally close the plan and to continue it only for so long as the current participants remain on the Board. In so doing, all of the current participants have voluntarily agreed to limit the quantum of benefits that will accrue to those calculated by reference to the old remuneration rate of A$110 000 (with the exception of the Chairman whose former rate is A$440 000), adjusted only by the same percentage as any increase in the new remuneration rates.

At the date of this report, the remaining participants in the Plan are Mr Don Argus, Mr Michael Chaney, Mr David Crawford, Dr David Jenkins, Mr John Ralph and Dr John Schubert. The Board does not believe that the continued participation of these non-executive Directors in the Plan compromises their independence.

On retirement from office on 30 June 2002, Mr Ben Alberts and Mr John Conde were both paid retirement allowances. Mr John Ralph will retire at the conclusion of the Annual General Meetings this year and will be paid a retirement allowance at that time.

The amounts paid to the non-executive Directors who retired from office during the year and the amounts accrued in favour of participating non-executive Directors as at 30 June 2002, are set out in the table below.

RETIREMENT REMUNERATION – NON-EXECUTIVE DIRECTORS

Name	Completed years of service at 30 June 2002	Lump Sum Entitlement at 30 June 2002 US$	Lump Sum Entitlement at 30 June 2001 US$
Don Argus	6	797 491	532 224
Ben Alberts	3	112 147(a)	63 504
Michael Chaney	7	211 834	166 656
John Conde	7	211 834(a)	166 656
David Crawford	8	224 294	177 072
David Jenkins	2	74 765	31 752
John Ralph	5	186 912	124 992
John Schubert	2	74 765	31 752

(a) Amount paid on retirement at 30 June 2002. These payments were funded in part by superannuation contributions.

Aggregate remuneration of the Directors of BHP Billiton in accordance with UK Generally Accepted Accounting Principles is set out in the table below.

AGGREGATE DIRECTORS' REMUNERATION

	2002 US$M	2001 US$M
Emoluments (a)	**9**	10
Emoluments of Mr Kesler who resigned in 2001	**–**	1
Total emoluments	**9**	11
Termination payments	**2**	2
Awards vesting under long-term incentive plans (highest paid Director 2002: US$7 million; 2001: US$0.5 million)	**9**	5
Contributions payable under defined contribution pension arrangements	**–**	–
	20	18

(a) This is the aggregate in the tables on pages F-103 and F-104 for executive Directors and former executive Directors of Base salary, Annual cash bonus, Deferred cash bonus and other benefits adjusted to reflect the remuneration paid to Mr C W Goodyear for his services as an executive Director of the Company and the emoluments paid to the non-executive Directors set out above.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES

The financial statements of the BHP Billiton Group are prepared in accordance with UK Generally Accepted Accounting Principles (GAAP). The financial statements, analyses and reconciliations presented in this note represent the financial information which would be required if US GAAP had been applied instead of UK GAAP.

DLC merger

On 29 June 2001, BHP Billiton Plc (formerly Billiton Plc) consummated the Dual Listed Companies (DLC) merger with BHP Billiton Limited (formerly BHP Limited). A description of the DLC merger structure is provided in 'Dual Listed Companies Structure and Basis of Preparation of Financial Statements'. In accounting for this transaction, the most significant difference between UK GAAP and US GAAP is that under UK GAAP, the DLC merger has been accounted for as a merger (pooling of interests) in accordance with UK Financial Reporting Standard 6: Acquisitions and Mergers, whereas under US GAAP the DLC merger is accounted for as a purchase business combination with the BHP Billiton Limited Group acquiring the BHP Billiton Plc Group. The BHP Billiton Limited Group has been identified as the acquirer because of the majority ownership interest of BHP Billiton Limited shareholders in the DLC structure. In a merger, the assets, liabilities and equity of the BHP Billiton Plc Group and of the BHP Billiton Limited Group are combined at their respective book values as determined under UK GAAP. Under US GAAP, the reconciliation of shareholders' equity includes the purchase adjustments required under US GAAP to recognise the BHP Billiton Plc Group assets and liabilities at their fair values and to record goodwill.

Although UK GAAP and US GAAP both require the consolidation of the BHP Billiton Plc Group with the BHP Billiton Limited Group at 30 June 2001, UK GAAP also requires that their respective financial statements for periods prior to the date the DLC merger was consummated are combined. Under purchase accounting, the retroactive combination of financial statements is not appropriate. As the BHP Billiton Limited Group is the accounting acquirer, and is the 'predecessor' to the BHP Billiton Group, for the years ended 30 June 2001 and 2000, the US GAAP profit and loss account would only include the operations of the BHP Billiton Limited Group.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(A) Reconciliation to US GAAP

Material differences between UK GAAP as followed by the BHP Billiton Group and US GAAP are described below. Refer 'US GAAP Adjustments'.

The following is a summary of the estimated adjustments to net income for 2002, 2001 and 2000 which would be required if US GAAP had been applied instead of UK GAAP.

		2002 US$M	2001 US$M (restated)	2000 US$M
Reconciliation of net income				
Attributable profit as reported under UK GAAP		**1 690**	1 529	1 506
add/(deduct)				
Estimated adjustment required to accord with US GAAP:				
BHP Billiton Plc Group's pre-acquisition profit attributable to shareholders under UK GAAP	(A)	**–**	(565)	(566)
Fair value adjustment on acquisition of BHP Billiton Plc Group - Depreciation, amortisation and other asset movements	(B)	**(454)**	(11)	(11)
BHP Steel demerger	(C)	**(333)**	–	–
Employee compensation costs	(D)	**26**	(117)	–
Depreciation – write-downs	(E)	**(18)**	(19)	(31)
– revaluations	(F)	**5**	5	7
– reserves	(G)	**(15)**	–	–
Restructuring and employee provisions	(H)	**(55)**	31	26
Fair value accounting for derivatives	(I)	**279**	(33)	–
Synthetic debt	(J)	**18**	–	–
Realised net exchange (losses)/gains on sale of assets/closure of operations	(K)	**84**	7	26
Exploration, evaluation and development expenditures	(L)	**(60)**	(3)	(4)
Start-up costs	(M)	**(2)**	5	(15)
Profit on asset sales	(N)	**2**	2	(30)
Pension plans	(O)	**(12)**	24	21
Other post-retirement benefits	(P)	**8**	–	–
Mozal expansion rights	(Q)	**22**	–	–
Employee Share Plan loans	(R)	**(16)**	–	–
Purchase business combination costs	(S)	**–**	38	–
Error correction - expenses on spin-off of OneSteel Limited	(T)	**–**	(30)	–
Restoration and rehabilitation costs	(U)	**–**	50	61
Asset write-downs	(V)	**–**	–	(891)
Consolidation of Tubemakers of Australia Ltd	(W)	**–**	(1)	(4)
Tax adjustments (including the tax effect of above adjustments)	(Y)	**80**	(30)	305
Total adjustment		**(441)**	(647)	(1 106)
Net income of BHP Billiton Group under US GAAP		**1 249**	882	400

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following is a summarised income statement prepared in accordance with US GAAP:

Consolidated income statement	**2002 US$M**	2001 US$M (restated)	2000 US$M
Sales revenue	**13 552**	8 100	7 467
Other income	**321**	516	268
	13 873	8 616	7 735
Deduct			
Cost of sales	**9 285**	6 174	6 302
Depreciation and amortisation	**1 882**	1 137	1 106
General and administrative expenses	**174**	185	57
Operating income	**2 532**	1 120	270
add			
Interest income	**142**	61	56
deduct			
Interest expense	**465**	271	419
Income/(loss) before tax, minority interests and equity in net earnings of affiliated companies	**2 209**	910	(93)
deduct/(add)			
Taxation expense/(benefit)	**878**	467	(310)
Add			
Share of profits of joint ventures and associated undertakings	**221**	15	19
deduct/(add)			
Minority interests	**39**	(260)	(21)
Net income from continuing operations	**1 513**	718	257
Discontinued operations			
Income from discontinued operations	**74**	205	196
(add)/deduct			
Taxation (benefit)/expense from discontinued operations	**(3)**	34	48
Deduct			
Loss on disposal of operations	**333**	31	4
Deduct			
Minority interests in discontinued operations	**8**	4	1
Net (loss)/income from discontinued operations	**(264)**	136	143
Cumulative effect of change in accounting policy, net of tax (a)	**-**	28	-
Net income	**1 249**	882	400

(a) Refer “(U) Restoration and rehabilitation costs” on page F-136.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Earnings per share – US GAAP (a) (b) (c)	**2002** **US$**	2001 US$	2000 US$
Basic – Continuing operations	**0.25**	0.19	0.07
Diluted – Continuing operations	**0.25**	0.19	0.07
Basic – Discontinued operations	**(0.04)**	0.04	0.04
Diluted – Discontinued operations	**(0.04)**	0.04	0.04
Basic – Cumulative effect of change in accounting policy	**-**	0.01	-
Diluted – Cumulative effect of change in accounting policy	**-**	0.01	-
Basic – Net income	**0.21**	0.24	0.11
Diluted – Net income	**0.21**	0.24	0.11

(a) Based on the weighted average number of shares on issue for the period:

• Basic earnings per share denominator (millions)	6 029	3 689	3 655
• Diluted earnings per share denominator (millions)	6 042	3 704	3 668

(b) Comparative data has been adjusted to take into account the BHP Billiton Limited bonus share issue effective 29 June 2001. Refer note 23.

(c) For the period indicated, each American Depositary Share (ADS) represents two ordinary shares. Therefore the earnings per ADS under US GAAP is a multiple of two from the above earnings per share disclosures.

The following reconciliation of comprehensive income reports changes in shareholders' equity excluding those resulting from investments by shareholders and distributions to shareholders.

	2002 **US$M**	2001 US$M	2000 US$M
Reconciliation of comprehensive income			
Total changes in equity other than those resulting from transactions with owners under UK GAAP(a)	**1 715**	1 401	1 240
Adjustments to reflect comprehensive income in accordance with US GAAP, net of income tax:			
Total adjustment to net income per above reconciliation (excluding adjustments mainly related to the acquisition of BHP Billiton Plc Group in 2001 and 2000)	**(441)**	(227)	(540)
Reclassification adjustment for net exchange gains included in net income (b)	**(84)**	(7)	(26)
Net loss on qualifying cash flow hedging instruments as at 1 July 2000	**–**	(268)	–
Losses on qualifying cash flow hedging instruments	**–**	(301)	–
Net transfer to earnings on maturity of cash flow hedging instruments	**148**	150	–
Changes in fair value of listed investments	**5**	–	–
Comprehensive income – under US GAAP (c)	**1 343**	748	674
Accumulated other comprehensive income comprises:			
Exchange fluctuation account	**387**	446	149
Qualifying cash flow hedging instruments	**(271)**	(419)	–
Other items	**5**	–	–

(a) 2002 represents the BHP Billiton Group. 2001 and 2000 represents the 'predecessor' being the BHP Billiton Limited Group.

(b) Tax benefit/(expense) of other comprehensive income items:

• Movements in exchange fluctuation account	1	74	40
• Reclassification adjustment for exchange gains included in net income	–	–	30
• Net loss on qualifying cash flow hedging instruments as at 1 July 2000	–	115	–
• Losses on qualifying cash flow hedging instruments	–	129	–
• Net transfer to earnings on maturity of cash flow hedging instruments	(63)	(65)	–
• Changes in fair value of listed investments	–	–	–

(c) Estimated losses expected to be reclassified from other comprehensive income to earnings in the year ended 30 June 2003 are approximately $220 million after tax.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following is a summary of the estimated adjustments to shareholders' equity as at 30 June 2002 and 2001 that would be required if US GAAP had been applied instead of UK GAAP:

		2002 US$M	2001 US$M
Reconciliation of Shareholders' Equity			
Shareholders' equity under UK GAAP		**12 356**	11 340
add/(deduct)			
Estimated adjustment required to accord with US GAAP:			
Fair value adjustments on acquisition of BHP Billiton Plc Group (a)			
Inventory	(B)(i)	**–**	159
Investments	(B)(ii)	**985**	1 034
Property, plant and equipment	(B)(iii)	**2 072**	2 156
Undeveloped properties	(B)(iv)	**741**	825
Long-term contracts	(B)(v)	**39**	40
Goodwill	(B)(vi)	**3 174**	3 277
Long-term debt	(B)(vii)	**13**	29
BHP Steel demerger	(C)	**(264)**	–
Write-downs	(E)	**87**	174
Property, plant and equipment revaluations	(F)	**(63)**	(68)
Reserves	(G)	**(15)**	–
Restructuring and employee provisions	(H)	**11**	66
Fair value accounting for derivatives	(I)	**(127)**	(624)
Synthetic debt	(J)	**31**	13
Exploration, evaluation and development expenditures	(L)	**(126)**	(66)
Start-up costs	(M)	**(55)**	(53)
Profit on asset sales	(N)	**(20)**	(22)
Pension plans	(O)	**(109)**	(78)
Other post-retirement benefits	(P)	**(15)**	(49)
Mozal expansion rights debtor	(Q)	**(39)**	(61)
Employee Share Plan loans	(R)	**(135)**	(59)
Change in fair value of listed investments	(X)	**10**	5
Deferred taxation effect of fair value adjustment on acquisition of BHP Billiton Plc Group	(B) (viii)	**(1 559)**	(1 724)
Deferred taxation adjustments (including the deferred taxation effect of other adjustments)	(Y)	**155**	288
Total adjustment		**4 791**	5 262
Shareholders' equity under US GAAP		**17 147**	16 602

(a) In addition to the fair value adjustments on acquisition of the BHP Billiton Plc Group indicated, various adjustments to the net assets of the BHP Billiton Plc Group to reflect US GAAP were also reported. These adjustments have been disclosed in aggregate with similar items relating to the BHP Billiton Limited Group.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following are the variations in the balance sheet as at 30 June 2002 and 2001 that would be required if US GAAP had been applied instead of UK GAAP:

The column headed 'Unadjusted' represents a US GAAP format presentation of the assets and liabilities and shareholders' equity which have been measured in accordance with UK GAAP. The column headed 'Adjustments' represents the allocation of those measurement differences (presented in the Reconciliation of Shareholders' Equity) which are required to derive a balance sheet in accordance with US GAAP.

	Unadjusted 2002 US$M	**Adjustments 2002 US$M**	**US GAAP 2002 US$M**	Unadjusted 2001 US$M	Adjustments 2001 US$M	US GAAP 2001 US$M
Balance Sheet						
Assets						
Current assets						
Cash assets	**1 413**	**–**	**1 413**	1 147	–	1 147
Receivables	**2 131**	**(251)**	**1 880**	2 120	(210)	1 910
Other financial assets	**116**	**–**	**116**	215	–	215
Inventories	**1 160**	**–**	**1 160**	1 375	159	1 534
Other assets	**100**	**93**	**193**	122	–	122
Total current assets – continuing operations	**4 920**	**(158)**	**4 762**	4 979	(51)	4 928
Total current assets – discontinued operations	**748**	**–**	**748**	738	–	738
Total current assets	**5 668**	**(158)**	**5 510**	5 717	(51)	5 666
Non-current assets						
Receivables	**882**	**(64)**	**818**	511	(188)	323
Investments accounted for using the equity method	**1 505**	**(2)**	**1 503**	1 236	–	1 236
Other financial assets	**489**	**1 034**	**1 523**	465	1 085	1 550
Inventories	**45**	**–**	**45**	61	–	61
Property, plant and equipment	**17 659**	**2 246**	**19 905**	16 964	2 844	19 808
Intangible assets	**42**	**3 180**	**3 222**	95	3 283	3 378
Deferred tax assets	**462**	**67**	**529**	442	216	658
Other assets	**796**	**(100)**	**696**	689	(69)	620
Total non-current assets – continuing operations	**21 880**	**6 361**	**28 241**	20 463	7 171	27 634
Total non-current assets – discontinued operations	**1 984**	**40**	**2 024**	1 809	123	1 932
Total non-current assets	**23 864**	**6 401**	**30 265**	22 272	7 294	29 566
Total assets	**29 532**	**6 243**	**35 775**	27 989	7 243	35 232
Liabilities and shareholders' equity						
Current liabilities						
Payables	**2 143**	**100**	**2 243**	1 988	318	2 306
Interest bearing liabilities	**1 884**	**(141)**	**1 743**	1 884	(141)	1 743
Tax liabilities	**498**	**–**	**498**	380	–	380
Other provisions	**1 009**	**(9)**	**1 000**	942	(64)	878
Total current liabilities – continuing operations	**5 534**	**(50)**	**5 484**	5 194	113	5 307
Total current liabilities – discontinued operations	**448**	**–**	**448**	375	–	375
Total current liabilities	**5 982**	**(50)**	**5 932**	5 569	113	5 682

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

	Unadjusted 2002 US$M	**Adjustments 2002 US$M**	**US GAAP 2002 US$M**	Unadjusted 2001 US$M	Adjustments 2001 US$M	US GAAP 2001 US$M
Balance Sheet continued						
Non-current liabilities						
Payables	**121**	**16**	**137**	144	185	329
Interest bearing liabilities	**6 329**	**(33)**	**6 296**	6 595	(51)	6 544
Tax liabilities	**1 364**	**1 471**	**2 835**	1 152	1 651	2 803
Other provisions	**2 661**	**33**	**2 694**	2 443	69	2 512
Total non-current liabilities – continuing operations	**10 475**	**1 487**	**11 962**	10 334	1 854	12 188
Total non-current liabilities – discontinued operations	**393**	**–**	**393**	366	–	366
Total non-current liabilities	**10 868**	**1 487**	**12 355**	10 700	1 854	12 554
Total liabilities	**16 850**	**1 437**	**18 287**	16 269	1 967	18 236
Equity minority interests	**326**	**15**	**341**	380	14	394
Shareholders' equity						
BHP Billiton Limited – contributed equity	**3 143**	**(628)**	**2 515**	3 039	(533)	2 506
BHP Billiton Plc – called up capital	**1 752**	**5 697**	**7 449**	1 752	5 699	7 451
Other equity items	**471**	**(247)**	**224**	530	(400)	130
Retained profits	**6 990**	**(31)**	**6 959**	6 019	496	6 515
Total shareholders' equity	**12 356**	**4 791**	**17 147**	11 340	5 262	16 602
Total liabilities and shareholders' equity	**29 532**	**6 243**	**35 775**	27 989	7 243	35 232

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The BHP Billiton Group Statement of Consolidated Cash Flows has been prepared in accordance with UK accounting standard FRS1, the objectives and principles of which are similar to those set out in US accounting standard SFAS 95, Statement of Cash Flows. The principal differences between the standards relate to classification of items within the cash flow statement as well as the definition of cash and cash equivalents.

The statement below shows the adjustments to be made to the UK GAAP cash flow statement for the year ended 30 June 2002 to reclassify it to comply with US GAAP:

	2002 US$M
Reconciliation of Cash Flows	
Net cash inflow/outflow from operating activities in accordance with UK GAAP	**4 641**
Reclassified to financing activities	**(69)**
Dividends received	**187**
Returns on investments and servicing of finance	**(375)**
Tax paid	**(515)**
Exploration and other capital expenditure	**(512)**
Net cash provided by operating activities in accordance with US GAAP	**3 357**
Capital expenditures	**(2 159)**
Acquisition and disposals	**(38)**
Net (purchase)/sale of investments	**50**
Net cash used in investing activities in accordance with US GAAP	**(2 147)**
Proceeds from issuance of ordinary shares	**121**
(Decrease)/increase in interest bearing liabilities	**(324)**
Equity dividends paid	**(831)**
Other	**33**
Net cash provided by financing activities in accordance with US GAAP	**(1 001)**
Exchange translation effects	**5**
Net (decrease)/increase in cash and cash equivalents in accordance with US GAAP	**214**
Cash and cash equivalents at beginning of period	**1 285**
Cash and cash equivalents at end of period	**1 499**
At year end cash and cash equivalents is made up of:	
Cash at bank and in hand	**1 199**
Money market deposits (a)	**300**
Cash and cash equivalents at end of period (b)	**1 499**

(a) Money market deposits with financial institutions have a maturity up to but not more than three months.

(b) At June 30, 2002, cash and cash equivalents is comprised of cash from continuing operations of US$1 413 million and cash from discontinuing operations of US$86 million.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

ADDITIONAL US GAAP INFORMATION

The information presented below in respect of the predecessor entity in respect of cash flows, income tax, shareholders' equity and segment information is derived, in respect of the twelve-month period end 30 June 2001, from the audited financial statements of BHP Billiton Limited. In respect of the period ended 30 June 2000, the movement in shareholders' equity, income tax and the segment information is derived from the audited financial statements for the thirteen-month period ended on that date, and the cash flow information is derived from the unaudited cash flow statement information for the twelve-month period ended on that date. This information is presented in US$ as the Company has adopted the US$ as its reporting currency. The US$ translations presented below may accordingly vary from previously presented US$ convenience translations. The US$ translations are principally based on average US$/A$ exchange rates for the years end 30 June 2001, 30 June 2000 and the 13 months ended 30 June 2000 of 0.5381, 0.6292 and 0.6312 respectively and US$/A$ exchange rates as at 30 June 2001 and 30 June 2000 of 0.5054 and 0.6005 respectively. Certain additional exchange differences are reflected in aligning these translated amounts with US$ amounts reported elsewhere in these financial statements.

STATEMENT OF CASH FLOWS

The following is a statement of cash flows prepared in accordance with US GAAP:

	2001 US$M	2000 US$M
Cash flows related to operating activities		
Receipts from customers	11 361	12 112
Payments to suppliers, employees, etc.	(7 975)	(9 175)
Dividends received	44	29
Interest received	63	55
Borrowing costs	(350)	(504)
HBI Venezuela guarantee payment	(331)	-
Exploration expenditure	(279)	(220)
Other	209	174
Operating cash flows before income tax	2 742	2 471
Income taxes paid net of refunds received	(328)	(400)
Net cash provided by operating activities in accordance with US GAAP	2 414	2 071
Cash flows related to investing activities		
Purchases of property, plant and equipment	(1 058)	(619)
Purchases of investments	(369)	(213)
Purchases of, or increased investment in, controlled entities and joint venture interests net of their cash (a)	308	-
Investing cash outflows (net)	(1 119)	(832)
Proceeds from sale of property, plant and equipment	88	451
Proceeds from sale or redemption of investments	245	144
Proceeds from OneSteel spin-off	355	-
Proceeds from sale or partial sale of controlled entities and joint venture interests net of their cash	219	436
Net cash used in investing activities in accordance with US GAAP	(212)	199

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

STATEMENT OF CASH FLOWS (continued)

	2001 US$M	2000 US$M
Cash flows related to financing activities		
Proceeds from ordinary share issues, etc.	76	158
Proceeds from interest bearing liabilities	414	795
Repayment of interest bearing liabilities	(1 460)	(3 111)
Dividends paid	(498)	(158)
Other	-	40
Net cash provided by financing activities in accordance with US GAAP	(1 468)	(2 276)
Exchange translation effects	(74)	122
Net increase in cash and cash equivalents in accordance with US GAAP	660	116
Cash and cash equivalents at beginning of period	625	509
Cash and cash equivalents at end of period	1 285	625
At year end cash and cash equivalents is made up of:		
Cash at bank and in hand	836	411
Money market deposits (b)	449	214
Cash and cash equivalents at end of period (c)	1 285	625

(a) Net of cash received of US$687 million in the merger with BHP Billiton Plc.

(b) Money market deposits with financial institutions have a maturity up to but not more than three months.

(c) At June 30, 2001, cash and cash equivalents is comprised of cash from continuing operations of US$1 147 million and cash from discontinuing operations of US$138 million.

SHAREHOLDERS’ EQUITY

The following is the movement in shareholders’ equity, prepared in accordance with US GAAP:

	2001 US$M	2000 US$M
Shareholders’ equity opening balance	6 333	6 509
Profit for the one month ended 30 June 1999		189
Profit for the twelve month period	882	400
Transactions with owners:		
- Contributed equity	230	255
- Dividends	(476)	(556)
- OneSteel Limited spin-off	(677)	-
Movements in other comprehensive income	(134)	74
Acquisition of BHP Billiton Plc Group	11 529	-
Net foreign exchange differences	(1 085)	(538)
Shareholders’ equity closing balance	16 602	6 333

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

INCOME TAX

The following is a reconciliation of income tax expense prepared in accordance with US GAAP:

	2001 US$M	2000 US$M
Reconciliation of Income Tax		
Net income before tax and minority interests	1 149	316
Prima facie tax calculated at 34 cents (2000 – 36 cents) in the dollar	391	114
Deduct/(add) tax effect of		
Investment and development allowance	21	35
Rebate for dividends	3	1
Amounts over/(under) provided in prior years	27	65
Deferred tax restatement	9	105
Non-tax effected gains/(losses)	8	(18)
Non-tax effected capital gains	75	14
Recognition of prior year tax losses	143	118
Overseas tax rate changes	17	-
Research and development incentive	2	1
	86	(207)
Add/(deduct) tax effect of		
Non-deductible accounting depreciation and amortisation	17	38
Non-deductible dividends on redeemable preference shares	27	42
Tax differential – non Australian income	28	(8)
Foreign expenditure including exploration not presently deductible	58	42
Investment and asset write-offs and associated losses/(gains)	173	(149)
Non-deductible financing costs	34	-
Other	48	21
Net foreign exchange differences	14	25
US GAAP reconciling items	38	(56)
Tax expense for the one month ended 30 June 1999		(10)
Income tax expense/(benefit) attributable to net income	523	(262)

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

SEGMENT INFORMATION

The following is a reconciliation to US GAAP of segment information:

	External Revenue	Intersegment Revenue	Depreciation and Amortisation	Net Profit (a)
Industry Classification - 2001 US$M				
Minerals	5 466	179	565	336
Petroleum	3 419	22	542	1 031
Steel	3 258	332	173	174
Net unallocated interest	50	-	-	(185)
Group and unallocated items	(97)	46	13	(544)
Net foreign exchange differences	(26)	-	(8)	41
US GAAP reconciling items	(436)	-	14	(227)
Total	**11 634**	**579**	**1 299**	**626**

	External Revenue	Intersegment Revenue	Depreciation and Amortisation	Net Profit (a)
Industry Classification - 2000 US$M				
Minerals	5 573	230	561	303
Petroleum	3 551	9	557	832
Steel	5 732	326	312	196
Services (b)	176	135	7	62
Net unallocated interest	41	-	-	(325)
Group and unallocated items	(143)	6	10	(63)
Net foreign exchange differences	(55)	-	(4)	8
US GAAP reconciling items	(981)	-	37	(445)
	13 894	706	1 480	568
Less: One month ended 30 June 1999	(1 134)	(54)	(102)	(188)
Total	**12 760**	**652**	**1 378**	**380**

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

SEGMENT INFORMATION (continued)

	External Revenue	Intersegment Revenue	Net Profit (a)
Geographical Classification - 2001 US$M			
Australia	8 065	149	1 054
North America	990	-	121
United Kingdom	603	-	155
South America	1 088	-	(13)
Papua New Guinea	512	-	(419)
New Zealand	287	-	41
South East Asia	378	-	38
Other countries	123	-	20
	12 046	149	997
Net unallocated interest	50	-	(185)
Net foreign exchange differences	(26)	-	41
US GAAP reconciling items	(436)	-	(227)
Total	**11 634**	**149**	**626**

	External Revenue	Intersegment Revenue	Net Profit (a)
Geographical Classification - 2000 US$M			
Australia	9 198	166	721
North America	2 082	-	46
United Kingdom	611	-	143
South America	1 235	1	289
Papua New Guinea	733	-	45
New Zealand	430	-	37
South East Asia	444	-	14
Other countries	156	-	35
	14 889	167	1 330
Net unallocated interest	41	-	(325)
Net foreign exchange differences	(55)	-	8
US GAAP reconciling items	(981)	-	(445)
	13 894	167	568
Less: One month ended 30 June 1999	(1 134)	(13)	(188)
Total	**12 760**	**154**	**380**

(a) Net profit is before deducting minority interests.

(b) Following various asset sales and 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 businesses including Shared Business Services, Insurances and Corporate Services are reported in Group and unallocated items. Comparative data has been restated accordingly. 2000 data for Services mainly relates to businesses now sold.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Basis of presentation under US GAAP

Revenue recognition

SAB 101 'Revenue recognition in Financial Statements' became applicable to the BHP Billiton Group for the year ended 30 June 2001. The adoption of SAB 101 does not give rise to any differences in revenue recognition.

Debtors

In accordance with UK GAAP, certain debtors are included on the balance sheet, which are considered to have been sold and are not included on the balance sheet under US GAAP. The value of debtors at 30 June 2002 which were the subject of such treatment was US$141 million (2001: US$278 million).

Joint ventures and joint arrangements

Under US GAAP, all investments classified as joint ventures, as detailed under the heading 'Joint ventures' in note 1 'Principal subsidiaries, joint ventures, associates and joint arrangements', are accounted for under the equity method of accounting in accordance with APB 18. All joint arrangements, as detailed under the heading 'Proportionally included joint arrangements' in note 1, are also proportionally accounted for in accordance with Emerging Issues Task Force Opinion ('EITF') 00-01 *Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures.*

As disclosed in note 1, the BHP Billiton Group's investment in the Richards Bay Minerals (RBM) joint venture is comprised of two legal entities, Tisand (Pty) Limited and Richards Bay Iron and Titanium (Pty) Limited. Although the BHP Billiton Group owns 51 per cent of Tisand (Pty) Limited, it has not been consolidated under US GAAP in accordance with EITF 96-16 *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*. The substantive participating rights of the minority interests holder in Tisand (Pty) Limited are embodied in the shareholder agreement between the BHP Billiton Group and Rio Tinto, the co-venturer. The shareholder agreement ensures that the RBM joint venture functions as a single economic entity. The overall profit of the RBM joint venture is also shared equally between the venturers. The shareholders agreement also states that the parties agree that they shall as their first priority seek the best interests of the project as an autonomous commercial operation rather than seek to service the individual interests of any of the other parties.

As disclosed in note 1, the BHP Billiton Group holds a 57.5 per cent ownership interest in Minera Escondida, a joint arrangement in which three other participants hold ownership interests of 30%, 10% and 2.5%, respectively. The rights of the participants are governed by a Participant's Agreement and a Management Agreement. A manager provides management and support services to the Project and the compensation of the manager is set forth in the Management Agreement. The Management Agreement establishes an Owner's Council, consisting of members appointed by each participant to represent their interest in Escondida. Each member on the Owner's Council holds voting rights equal to the ownership interest of the participant they represent, although certain matters require the affirmative vote of members of the Owner's Council having in aggregate voting rights equal to or greater than 75% of the total ownership interest. Such matters generally include capital expenditure in excess of prescribed limits, sales of copper concentrate to a single customer, capacity expansions, the termination of construction, mining or production of copper concentrates, and indebtedness. The Agreement also stipulates that certain matters shall require the affirmative vote of all members of the Owner's Council having an ownership interest of 10% or more. Those matters generally relate, within presribed limits, to changes in the project, changes in the construction budget, the sale or transfer of any Escondida concessions, asset dispositions, agreements between the Escondida and a participant, share or other equity interest issuances in Escondida. In accordance with EITF 96-16, the BHP Billiton group has not consolidated this investment.

Cash flows

Under US GAAP, dividends from joint ventures and associates, cash flows from returns on investments and servicing of finance, and tax paid are included in operating activities. In addition, capital expenditure and acquisitions and disposals are included as investing activities. Proceeds from the issuance of shares, increases and decreases in debt, and dividends paid, are included as financing activities.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Under UK GAAP, cash is defined as cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Under US GAAP, cash is defined as cash in hand and deposits but also includes cash equivalents, which are short term investments with original maturities of less than three months.

US GAAP adjustments

(A) Elimination of the BHP Billiton Plc Group financial information

This adjustment eliminates the pre-acquisition net income of the BHP Billiton Plc Group recorded in the BHP Billiton Group UK GAAP financial statements for the years ended 30 June 2001 and 30 June 2000. This elimination is not applicable at 30 June 2002 or for subsequent post-acquisition periods.

(B) Acquisition of BHP Billiton Plc

On 29 June 2001, BHP Billiton Limited and BHP Billiton Plc established a DLC merger. A full description of the DLC Merger structure is provided in ‘Dual Listed Companies Structure and Basis of Preparation of Financial Statements’. Under US GAAP, the DLC merger is accounted for as a purchase business combination of the BHP Billiton Plc Group by the BHP Billiton Limited Group.

The total assumed purchase consideration of US$11 529 million was calculated by multiplying the number of shares held by BHP Billiton Plc shareholders of 2 319 147 885 on 29 June 2001 by the US$4.9559 adjusted average share price of BHP Billiton Limited’s ordinary shares. The average share price was calculated over a period of three days prior to, and subsequent to, the announcement of the DLC merger on 19 March 2001. The average share price is adjusted for the 1:1 equalisation ratio, which is achieved by BHP Billiton Limited’s bonus share issue of 1 912 154 524 million shares in the ratio of 1.0651 additional bonus shares for every existing share held – prior to the bonus share adjustment the average share price would be US$10.2344 (i.e. by a factor of 2.0651). The 2 319 147 885 shares held by BHP Billiton Plc shareholders on 29 June 2001 reflect the exercise of rights under the Restricted Share Scheme and the Co-Investment Plan. As such, there were no outstanding stock options, stock appreciation rights or similar issuances of BHP Billiton Plc, and no purchase consideration is attributable to such securities. The cost of acquisition was therefore US$11 529 million, including direct external acquisition costs of US$36 million. The direct external acquisition costs have been expensed as incurred for UK GAAP purposes.

Under US GAAP purchase accounting, the cost of the acquisition is allocated to the fair values of identifiable assets acquired and liabilities assumed. As a result of the fair value exercise, increases in the values of the BHP Billiton Plc Group’s inventory, investments, long-term contracts and long-term debt were recognised and fair market values attributed to their other tangible assets mainly property, plant and equipment and undeveloped properties, together with appropriate deferred taxation effects. The difference between the cost of acquisition and the fair value of the assets and liabilities of the BHP Billiton Plc Group has been recorded as goodwill. Fair value adjustments to the recorded amount of inventory and long-term contracts are expensed in the period the inventory is utilised and the long-term contracts are delivered into, and additional amortisation and depreciation are recorded in respect of the fair value adjustments of intangible and tangible assets and the resulting goodwill over the periods of their respective useful economic lives.

The adjustments to the assets and liabilities of the BHP Billiton Plc Group to reflect the fair values and allocation of the excess purchase consideration over the fair value of net assets acquired, based on management’s best estimates of fair value, are summarised in the shareholders’ equity reconciliation and are discussed below:

(i) The increase in fair value of inventory was determined based on the difference between the carrying value and the market value of these assets.

(ii) The increase in investments relates to increases to the BHP Billiton Plc Group’s equity investments. These equity investments have been measured at fair value and any excess of the fair value over the underlying tangible assets and liabilities has been attributed to mineral reserves within the underlying investments. These uplifts to mineral properties are being amortised over their estimated useful lives on a unit of production and, on an investment-by-investment basis. The estimated useful lives are not expected to exceed 30 years.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(iii) The increase in property, plant and equipment relates to increases in the carrying value of the BHP Billiton Plc Group's property, plant and equipment to their estimated fair value. The increase in carrying value of the property, plant and equipment is to be amortised over the estimated useful life of the property, plant and equipment, primarily on a unit of production basis. The estimated useful lives range between one year and 33 years.

During December 1998, the BHP Billiton Plc Group acquired certain assets from the BHP Billiton Limited Group. The BHP Billiton Plc Group recognised certain fair value adjustments as a result of this acquisition which are being amortised over their useful lives. As a result of the application of merger accounting under UK GAAP, the fair value adjustments are reversed. For US GAAP these fair value adjustments are reinstated.

(iv) The amount of total consideration allocated to the BHP Billiton Plc Group's developed and undeveloped properties has been estimated by the BHP Billiton Group management using current estimates of the status and prospects of the BHP Billiton Plc Group's developed and undeveloped property portfolio as contained in the BHP Billiton Plc Group's strategic plans. The undeveloped properties include only those identified properties that have advanced to a stage of development feasibility where management believes reasonable estimates of projected cash flows can be prepared and proven and probable reserves exist. The value allocated to the developed and undeveloped properties was determined utilising a risk adjusted income approach that included earnings discounted by the appropriate cost of capital for the investment. Estimates of future cash flows related to individual developed and undeveloped properties were based on existing estimates of revenues and contribution margin for the project. The increase in developed properties is being amortised over their estimated exploitable useful lives on a project-by-project basis. Amortisation for each project is deferred until such time as production commences.

(v) The long-term contracts were attributed a fair value.

(vi) Goodwill represents the remainder of unallocated purchase consideration. Goodwill is currently amortised over its expected useful economic life and in future years will be subject to periodic impairment tests.

(vii) The decrease in long-term debt was as a result of attributing a fair value to fixed interest rate long-term loans which were not recorded at fair value in the BHP Billiton Plc Group's financial statements.

(viii) Deferred taxes have been computed on the excess of fair value over book value, other than for goodwill, using the applicable statutory tax rates.

Preliminary fair value assessments of the assets and liabilities of the BHP Billiton Plc Group were 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. Minor revisions to the provisional fair values were undertaken in the year ended 30 June 2002. The revised values of assets and liabilities acquired compared to the provisional values are shown in the table below. Prior period fair value adjustments have not been restated for the revisions.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

	Final US$M	Provisional US$M
Balance Sheet at 30 June 2001		
Current assets		
Cash assets	687	687
Receivables	883	883
Inventories	1 022	1 022
Other financial assets	132	132
Non-current assets		
Property, plant and equipment	11 567	11 540
Intangibles	3 307	3 278
Other financial assets	2 929	2 971
Current liabilities		
Payables	1 048	1 048
Interest bearing liabilities	1 300	1 300
Other provisions	221	221
Non-current liabilities		
Interest bearing liabilities	3 329	3 329
Tax liabilities	2 129	2 161
Other provisions	634	588
Equity minority interests	337	337
Net assets	11 529	11 529
Shareholders’ equity		
Shareholders’ equity	11 529	11 529

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(C) BHP Steel demerger

Under UK GAAP, the BHP Steel demerger will be treated in two components in the year ending 30 June 2003 – a distribution to BHP Billiton Limited shareholders of 94 per cent of BHP Steel shares (accounted for as a capital reduction) and a sale of 6 per cent of BHP Steel shares (accounted for as a sale of assets). Under US GAAP, the BHP Steel demerger is classified as a non pro-rata distribution to shareholders and is required to be accounted for as a 100 per cent sale of assets. The implied consideration for the sale of the additional 94 per cent of BHP Steel shares is based on the market price of BHP Steel shares used in determining the bonus issue of BHP Billiton Plc shares to BHP Billiton Plc shareholders. The remaining 6 per cent is measured at the respective sale price. The implied consideration, when compared to the book value of the BHP Steel net assets to be demerged, indicates a shortfall, which is required to be recognised in the result for the period ended 30 June 2002 for US GAAP.The calculation of the book value of the BHP Steel net assets to be demerged includes US GAAP net asset adjustments attributable to BHP Steel.

(D) Employee compensation costs

In these accounts, the expected cost of awards under various employee ownership plans is charged to the profit and loss account over the vesting period. Under US GAAP, compensation expense arising from variable equity award plans is recognised based on movements in their intrinsic value.

(E) Depreciation – write downs

Following certain asset write-downs not applicable under US GAAP, the higher asset values under US GAAP are being depreciated in accordance with asset utilisation. The movement in the shareholders' equity reconciliation in 2002 for this item largely reflects impacts of the BHP Steel demerger and has been included in that item in the income reconciliation.

(F) Depreciation - revaluations

Revaluations of property, plant and equipment and investments have resulted in 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 depreciation charge has been restated to reflect historical cost depreciation.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(G) Depreciation - reserves

The BHP Billiton Group prepares mineral reserve statements based on the Australasian Code for reporting of Mineral Resources and Ore Reserves, September 1999 (the JORC Code). The information contained in these statements differs in certain respects from that reported to the US Securities and Exchange Commission (SEC) which is prepared with reference to the SEC's Industry Guide 7. This adjustment reflects the impact on depreciation of the difference.

(H) Restructuring and employee provisions

These accounts include provisions for redundancies associated with organisational restructuring that 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. This adjustment includes US$58 million (of a total of US$64 million) of organisational restructing costs charged to profit in the year ended 30 June 2001 as a consequence of the DLC merger which did not meet the appropriate criteria under US GAAP.

(I) Fair value accounting for derivatives

Under UK GAAP, 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 a transaction will be included in the profit and loss account 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 profit and loss account 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 or opportunistic financial transactions, all gains and losses are included in the profit and loss account at the end of each reporting period. The premiums paid on strategic financial transactions are included in the profit and loss account at the inception of the contract.

For the purpose of deriving US GAAP information, Statement of Financial Accounting Standards No. 133: Accounting for Derivative Instruments and Hedging Activities (SFAS 133) requires that each derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. On initial application of this Standard the BHP Billiton Limited Group recognised an accumulated loss of US$268 million in respect of the fair value of derivative instruments held on 1 July 2000, which qualified as cash flow hedge transactions. This amount was reported as a component of other comprehensive income. An accumulated gain of US$11 million was recognised in respect of the fair value of derivative instruments which qualified as fair value hedge transactions, offset by a corresponding loss on their associated hedged liabilities held at 1 July 2000. The BHP Billiton Plc Group does not apply hedging principles in accordance with SFAS 133 and marks to market all derivative instruments, taking movements in the fair value of derivative instruments to the profit and loss account.

In the year ended 30 June 2001, subsequent gains and losses on cash flow hedges were taken to other comprehensive income and reclassified to profit and loss in the same period the hedged transaction was 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 UK GAAP until the hedged transaction is recognised.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Effective 1 July 2001, for US GAAP purposes, the BHP Billiton Limited Group de-designated existing derivative instruments as hedges of underlying transactions. Amounts previously included in other comprehensive income in relation to those derivative instruments previously designated as cash flow hedges will remain until the transactions originally being hedged are recognised, at which time the amounts will be taken to the profit and loss account. Movements in the fair value of derivative instruments since 30 June 2001 are taken to the profit and loss account.

(J) Synthetic debt

An operating subsidiary, whose functional currency is the US dollar, has obtained financing in various foreign currencies. The operating subsidiary entered into forward exchange contracts to fix the exchange rate between the rand and the various foreign currencies. In these accounts, the arrangement is treated as a synthetic rand debt which at each period end is retranslated into US dollars at the spot rate with the exchange gain or loss that is recognised being included in the profit and loss account.

Under US GAAP, synthetic debt accounting is not permitted. As a result, the foreign loan amounts and forward exchange contracts are accounted for separately. Foreign loans are initially recorded at the exchange rate in effect on the date of the borrowing, with gains and losses arising from currency movements taken to the profit and loss account. The forward exchange contracts are marked to market annually with the resulting gain or loss also taken to the profit and loss account.

(K) Realised net exchange gains on sale of assets/closure of operations

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

(L) Exploration, evaluation and development expenditures

The BHP Billiton Group follows the 'successful efforts' method under UK GAAP 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 by the BHP Billiton Group is amortised in subsequent years. In respect of Minerals properties, the BHP Billiton Group capitalises exploration and evaluation expenditure where it is expected that the expenditure will be recouped by future exploitation or sale or where a mineral resource has been identified but activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves. Under US GAAP, a final feasibility study indicating the existence of commercially recoverable reserves at new exploratory "greenfield" properties serves as the trigger point for capitalisation. US GAAP permits expenditure to be capitalised for the purposes of extending or further delineating existing reserves. In subsequent financial periods, amortisation of expenditure previously capitalised under UK GAAP which would have been expensed for US GAAP purposes will be added back when determining the profit result according to US GAAP.

(M) Start-up costs

The BHP Billiton 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.

(N) 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.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(O) Pension plans

Under UK GAAP, the net periodic pension cost assessed on an actuarial basis is charged to profit and loss so as to allocate the costs systematically over the employees' service lives. Under UK GAAP, this policy has been adopted for all periods presented and resulted in changes in policy by the BHP Billiton Limited Group to conform with the BHP Billiton Plc Group in the year ended 30 June 2001. Previously, charges were taken to the profit and loss account as contributions were made to pension plans.

Consequently, the BHP Billiton Group recognises periodic pension cost based on actuarial advice in a manner generally consistent with 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. In addition, any associated foreign exchange gains or losses are required to be eliminated from net income.

(P) Other post-retirement benefits

In these accounts, post-retirement benefits other than pensions have been accounted for in accordance with the provisions of SSAP 24, which are generally consistent with the provisions of SFAS 106 for the purposes of US GAAP except for certain scenarios such as in accounting for plan amendments.

Under UK GAAP, amendments to post-retirement benefits provided are taken into account from the date upon which plan amendments are announced. Under US GAAP, plan amendments are only taken into account from the date upon which the plan amendments become effective.

(Q) Mozal expansion rights

In June 2001, BHP Billiton announced an agreement to sell-down a portion of its preferential rights in the Mozal Phase II project to two of its project partners. In these accounts, the consideration was recognised as revenue in the year ended 30 June 2001. A portion of the consideration will be paid in cash and another portion will be delivered to BHP Billiton via a marketing arrangement once production has commenced. This deferred portion will be amortised to the profit and loss account over the period of the sales contract. Under US GAAP, the consideration paid in cash will be recognised as profit from asset sales when received and the deferred consideration portion is considered a derivative and has been recognised on the balance sheet and marked to market with movements in fair value being taken to the profit and loss account.

(R) 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 shareholders' equity. In addition, any foreign exchange gains or losses on the outstanding loan balances are required to be eliminated from net income

(S) Purchase business combination costs

Costs incurred in relation to the DLC merger that were expensed under UK GAAP represent costs of acquisition that were capitalised under US GAAP.

(T) Error correction - expenses on spin-off of OneSteel Limited

Costs associated with completion of the spin-off of OneSteel Limited are recognised directly in equity for UK GAAP but are charged as expenses for US GAAP. Previously published financial statements incorrectly recognised these costs directly in equity. This change in accounting in the year ended 30 June 2001 decreased US GAAP net income by US$30 million, and decreased US GAAP earnings per share by US$0.01 per share as shown in the following table.

	2001 US GAAP Net Income (US$M)	**2001 US GAAP Basic Earnings Per Share (US$)**
Prior to correction of error	912	0.25
Impact of error	(30)	(0.01)
Corrected financial statements	882	0.24

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(U) Restoration and rehabilitation costs

As of July 1, 2000, the Group recognizes the future cost to retire tangible long-lived assets from service over the estimated useful life of asset in accordance with the provisions of SFAS No. 143 Accounting for Asset Retirement Obligations. SFAS No. 143 excludes from its scope temporarily idled assets and environmental remediation liabilities which are accounted for under SFAS No. 5 and SOP 96-1, where applicable.

Under SFAS No. 143, a liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset is recorded at the time the liability is incurred - generally when the asset is acquired, constructed or developed, and which may occur progressively over the life of a mine. The Group amortises the amount added to property and equipment and recognizes accretion expense in connection with the discounted liability. The estimated liability is based on historical experience in retiring assets from service, the estimated useful lives of the assets, estimates as to the cost to dismantle, remove, sell, recycle, abandon or otherwise retire the asset and rehabilitate the site in the future and federal and state regulatory requirements. The liability is a discounted liability using a credit- adjusted risk-free rate of approximately 6%. Revisions to the liability could occur due to changes in asset removal costs, useful lives or if federal or state regulators enact new guidance on the removal of such assets.

The requirements of SFAS No. 143 are similar to the Group's policy under UK GAAP and result in no material differences to be quantified in the reconciliation to US GAAP net income in fiscal 2002. However, there are certain technical differences between UK GAAP and SFAS No. 143. For example, accretion expense is classified as an operating item under SFAS 143 whereas it is classified at interest under UK GAAP. In addition, SFAS No. 143 measures the liability based on the discount rate when the liability is incurred, whereas UK GAAP generally re-measures the liability using a current discount rate. As such, differences may arise in the future that need to be quantified.

In fiscal 2001, the reconciliation effectively reports the adoption of SFAS No. 143, under which the BHP Billiton Limited Group (as predecessor) recorded a discounted liability of US$439 million, derecognized the previously recorded liability of US$390 million, increased net property and equipment by US$152 million, increased the provision for resources rent tax by US$53 million, established a deferred tax liability of US$22 million and recognized a one-time cumulative effect credit of US$28 million after tax. The effect of the change in fiscal 2001 was to increase net income by US$28 million or US 1 cent per share. Pro forma net income under US GAAP for the year ended June 30, 2000, assuming the adoption of SFAS No. 143 as of July 1, 1999, would have been US$357 million, or US 10 cents per share.

In fiscal 2000, an adjustment of US$61 million was credited in determining net income under US GAAP. This adjustment reflects higher impairment charges under UK GAAP than US GAAP related to Western Australia HBI as the asset base under UK GAAP is higher due to capitalised asset retirement costs, increased asset retirement charges on mature assets under UK GAAP relative to US GAAP, and an increased gain on sale of a business under US GAAP as the asset retirement obligation extinguished on sale was higher under US GAAP than under UK GAAP.

A reconciliation of the Group's liability, for the combined BHP Billiton Group, for the three years ended June 30, 2002, is included in note 21. Refer note 18 (b) for details of assets that are restricted for purposes of settling asset retirement obligations.

(V) Asset write-downs

The BHP Billiton Group determines the recoverable amount of fixed assets on a discounted basis when assessing impairments. The discount rate is a risk adjusted market rate which is applied both to determine impairment and to calculate the write-down.

Under US GAAP, where an asset is reviewed for impairment, an impairment test is required utilising undiscounted cash flows. Only if the asset's carrying value exceeds the sum of undiscounted future cash flows, the asset is considered impaired and it is written down to its fair value (based on discounted cashflows).

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

These differences create adjustments to the profit and loss account 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 account.

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

(W) 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 only disclosure by way of note to the accounts was permitted. Thus the carrying value of the original equity interest in TOA is higher under US GAAP, and this is reflected in higher goodwill capitalised and amortised in accordance with US GAAP. The spin-off of OneSteel Limited eliminated this reconciling item.

(X) Investments
As part of its exploration strategy, the Group makes use of junior exploration companies (junior) to leverage its exploration spend. This generally involves the Group receiving shares in the junior and an option to enter into a joint venture over specific properties the junior is exploring, in exchange for the Group contributing cash, exploration properties or other interests to the junior. Usually there is an agreement for the cash to be spent only on exploration of the specified properties. Under UK GAAP, cash contributions (which usually take the form of subscription for shares in the junior) are expensed as exploration costs and no gain is recorded when the properties are contributed to the joint venture. The US GAAP treatment is similar to UK GAAP except that investments in juniors with publicly traded shares are carried at their fair value as available for sale securities with unrealised changes in value recorded in other comprehensive income until realised or an other-than-temporary impairment occurs.

(Y) Taxation adjustments
UK GAAP requires tax liabilities and assets to be measured at the amounts expected to apply using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. US GAAP requires the measurement of tax liabilities and assets using tax rates based on enacted tax law. The effect of a change in the UK corporate tax rate for petroleum companies was recognised in June 2002 for UK GAAP on the basis that the legislation was substantively enacted. This tax rate change will not be recognised for US GAAP purposes until the legislation is enacted. For 2002, an adjustment of US$61 million is reported in the item 'taxation adjustments'. Previously published financial statements in respect of the year ended 30 June 2002 incorrectly recognised this adjustment as a charge to US GAAP net income. The correct treatment, reflected herein, is the recognition of this adjustment as a credit to US GAAP net income. This change in the year ended 30 June 2002 increased US GAAP net income by US$122 million and increased US GAAP earnings per share by US$0.02 per share.

In these accounts, potential tax expense of US$47 million has not been recognised in 2002, mainly relating to the tax impact of unrealised foreign exchange gains or losses on US dollar net debt held by subsidiaries which retain local currency records for tax purposes. For US GAAP, a tax expense is recognised reflecting the existence of the foreign exchange gains or losses in the accounts of the respective entity. This adjustment is reported in the item 'taxation adjustments'.

(Z) Secondary share issuance
During September 2000, BHP Billiton Plc undertook a secondary issuance of shares on the London Stock Exchange. The shares were issued in pounds sterling, however to fix the proceeds received on the share issuance in US dollars, BHP Billiton Plc utilised a number of hedging instruments to lock in the exchange rate between pounds sterling and US dollars. This hedging activity gave rise to a loss being realised due to the movement in the pound sterling against the US dollar. BHP Billiton Plc reported this loss as an offset against the share proceeds, which was then credited to called up capital.

Under US GAAP, the loss would not qualify as a hedged item under SFAS 133. As such, the loss is recognised in the profit and loss in the period the loss was realised. This is reflected as an adjustment from called up capital to retained profits.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(B) Employee compensation costs

The BHP Billiton Group has applied the principles of US Accounting Principles Board Opinion No. 25 in the determination of employee compensation costs arising from the various employee ownership plans. Had the fair value basis of accounting in US Statement of Financial Accounting Standards No. 123 (SFAS 123) been used to account for compensation costs, the following net income and earnings per share amounts would result:

	2002 US$M	2001 US$M	2000 US$M
Net income			
As reported	**1 249**	882	400
Proforma	**1 224**	897	400
Basic earnings per share (a) (b)			
As reported	**0.21**	0.24	0.11
Proforma	**0.20**	0.24	0.11
Diluted earnings per share (b) (c)			
As reported	**0.21**	0.24	0.11
Proforma	**0.20**	0.24	0.11

(a) Based on net profit attributable to members of BHP Billiton Group.
(b) Comparative data has been adjusted to take into account the bonus share issue effective 29 June 2001. Refer note 23.
(c) Refer note 12.

Refer to note 23 “Employee share ownership plans” for significant assumptions used in applying the Black-Scholes option pricing model to calculate the emplyee compensation expense under SFAS 123.

(C) Impact of new accounting standards

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141: Business Combinations (SFAS141) and Statement of Financial Accounting Standards No. 142: Goodwill and Other Intangible Assets (SFAS142). In August 2001, the FASB also issued Statement of Financial Accounting Standards No. 144: Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS144). In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146: Accounting for Costs Associated with Exit or Disposal Activities (SFAS146).

For the purpose of deriving US GAAP financial information of the BHP Billiton Group, SFAS141 applies to purchase business combinations entered into after 30 June 2001. SFAS142 and SFAS144 will apply for the year ending 30 June 2003 while SFAS146 is effective for exit or disposal activities initiated after 31 December 2002. The BHP Billiton Group has not adopted any of these standards early for the purpose of the June 2002 financial statements.

SFAS141 changes the accounting for business combinations to a single purchase accounting method. SFAS141 also changes the recognition criteria for intangible assets other than goodwill, and expands disclosure requirements in relation to business combinations. SFAS142 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 SFAS142, the carrying amount of such assets will be subject to impairment tests at least on an annual basis. SFAS144 requires one accounting model to be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, and will broaden the presentation of discontinued operations to include more disposal transactions. SFAS146 requires that costs associated with exit or disposal activities be recognised when they are incurred rather than at the date of a commitment to an exit or disposal plan.

The BHP Billiton Group will implement SFAS142 and SFAS 144 with effect from 1 July 2002 but has not evaluated the potential impact of any of the other new standards on its future financial performance or financial position.

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(D) Pensions and post-retirement benefit schemes

The BHP Billiton Group's pension and other post-retirement benefit plans are discussed in note 28. The disclosures below include the additional information required by SFAS 132. The pension costs of the BHP Billiton Group's significant defined benefit plans have been restated in the following tables in accordance with US GAAP.

The disclosures for 2002 are provided in relation to the employees of the BHP Billiton Group. For 2001 the income statement disclosures are provided in relation to the employees of the BHP Billiton Limited Group only and the balance sheet disclosures are provided on a combined basis in relation to the employees of the BHP Billiton Limited Group and the BHP Billiton Plc Group. The disclosures for 2000 are provided in relation to employees of the BHP Billiton Limited Group only.

Pensions

	BHP Billiton Group		
	2002	2001	2000
	US$M	US$M	US$M
The net periodic pension cost for the significant pension plans comprised:			
Service costs	**67**	63	102
Interest costs	**85**	77	97
Expected return on plan assets	**(105)**	(108)	(146)
Amortisation of prior service cost	**1**	2	2
Amortisation of net transition asset	**(12)**	(12)	(17)
Termination benefits and curtailment costs	**1**	(2)	35
Recognised net actuarial loss/(gain)	**1**	(8)	(9)
Net periodic pension cost under US GAAP	**38**	12	64

	BHP Billiton Group		
	2002	2001	2000
	%pa	%pa	%pa
The major weighted average assumptions used in computing the above pension cost/income were:			
Rates of future pay increases	**3.4%**	3.6%	3.4%
Discount rate	**6.2%**	6.4%	6.4%
Expected long term rates of return on plan assets	**8.0%**	8.1%	8.1%

	BHP Billiton Group	
	2002	2001
	US$M	US$M
Change in benefit obligation		
Projected benefit obligation at the beginning of the year	**1 468**	1 458
Amendments	**1**	-
Service costs	**67**	63
Interest costs	**85**	77
Plan participants' contributions	**9**	25
Actuarial loss	**18**	46
Benefits paid	**(218)**	(440)
Acquisitions	–	374
Subsidiary schemes transferred to joint venture	**(110)**	–
Termination benefits and curtailment costs	**(2)**	6
Exchange variations	**69**	(141)
Projected benefit obligation at the end of the year	**1 387**	1 468
Projected benefit obligation at the end of the year for plans with accumulated benefit obligations in excess of plan assets	**599**	132
Accumulated benefit obligation at the end of the year for plans with accumulated benefit obligations in excess of plan assets	**520**	97

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(D) Pensions and post-retirement benefit schemes continued

	BHP Billiton Group	
	2002	2001
	US$M	US$M
Change in plan assets		
Fair value of plan assets at the beginning of the year	**1 483**	1 567
Actual return on plan assets	**(54)**	(22)
Employer contribution	**68**	61
Plan participants' contributions	**9**	25
Benefits paid	**(218)**	(440)
Termination benefits and curtailment costs	**(2)**	–
Acquisitions	–	430
Subsidiary schemes transferred to joint venture	**(113)**	–
Exchange variations	**38**	(138)
Fair value of plan assets at the end of the year	**1 211**	1 483
Fair value of plan assets at the end of the year for plans with accumulated benefit obligations in excess of plan assets	**418**	52
Plan assets consist primarily of bonds and equities. Further details are given in note 28.		
Funded status		
Funded status	**(176)**	15
Unrecognised net actuarial loss	**270**	78
Unrecognised prior service cost	**7**	8
Unrecognised net transition asset	**(8)**	(20)
Net amount recognised	**93**	81

	BHP Billiton Group	
Analysis of net amount recognised	**2002**	2001
	US$M	US$M
Prepaid benefit obligation	**150**	170
(Accumulated) benefit obligation	**(138)**	(89)
Intangible asset	**7**	–
Accumulated other comprehensive income	**74**	–
Net amount recognised	**93**	81

Post-retirement medical benefits

	BHP Billiton Group		
	2002	2001	2000
	US$M	US$M	US$M
Net Medical Cost			
Service cost	**3**	1	1
Interest cost	**17**	8	8
Recognised actuarial loss	**1**	1	1
Termination benefits and curtailment costs	**(5)**	–	–
Amortisation of prior service credit	**(1)**	–	–
Net medical cost	**15**	10	10

NOTE 35. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(D) Pensions and post-retirement benefit schemes continued

	BHP Billiton Group		
	2002	2001	2000
	US$M	US$M	US$M
The major weighted average assumptions used in calculating the net medical cost were:			
Rate of future medical inflation	**6.1%**	6.1%	5.5%
Discount rate	**8.4%**	8.9%	7.5%

The rate of future medical inflation rate reflects the fact that the benefits of certain groups of participants are capped.

	BHP Billiton Group	
	2002	2001
	US$M	US$M
Change in accumulated post-retirement benefit obligation		
Accumulated post-retirement benefit obligation at the beginning of the year	**281**	112
Amendments	**(19)**	–
Service costs	**3**	1
Interest costs	**17**	8
Actuarial loss	**9**	–
Benefits paid	**(13)**	(8)
Acquisitions	–	168
Subsidiary schemes transferred to joint venture	**(30)**	–
Curtailments	**(8)**	–
Exchange variations	**(20)**	–
Accumulated post-retirement benefit obligation at the end of the year	**220**	281
Change in plan assets		
Fair value of plan assets at the beginning of the year	–	–
Employer contributions	**13**	8
Benefits paid	**(13)**	(8)
Fair value of plan assets at end of year	–	–
Funded status		
Funded status	**(220)**	(281)
Unrecognised net actuarial loss	**16**	10
Unrecognised prior service cost	**(18)**	–
Accrued post-retirement medical cost	**(222)**	(271)

	1% decrease	1% increase
	US$M	US$M
The impact of a 1% variation in the rate of future medical inflation on the 2002 results would be:		
Effect on total service and interest cost	(3)	3
Effect on accumulated post-retirement benefit obligation	(26)	26

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

Oil and gas reserves and production

Reserves

The table below details our oil, condensate, LPG and gas reserves, estimated at 30 June 2002, 30 June 2001 and 30 June 2000 with a reconciliation of the changes in each year. Our reserves have been calculated using the economic interest method and represent our net interest volumes after deduction of applicable royalty, fuel and flare volumes. Our reserves have been subjected to economic tests specified in Statement of Financial Accounting Standard 69 to demonstrate their commerciality under prices and costs existing at the time of the estimates. Our reserves include certain quantities of oil, condensate and LPG which will be produced under arrangements that involve us in upstream risks and rewards but do not transfer ownership of the products to us. Our reserves also include volumes calculated by probabilistic aggregation of certain fields that share common infrastructure. These aggregation procedures result in enterprise-wide proved reserves volumes, which may not be realised upon divestment on an individual property basis.

(millions of barrels)	Australia/Asia	Americas	UK/Middle East	Total
Proved developed and undeveloped oil, condensate and LPG reserves (a)				
Reserves at 30 June 1999	475.5	23.3	85.2	584.0
Improved recovery	–	–	–	–
Revisions of previous estimates	26.0	(0.1)	4.3	30.2
Extensions and discoveries	19.9	9.4	11.4	40.7
Purchase/sales of reserves	(8.7)	(0.1)	–	(8.8)
Production (b)	(74.4)	(3.9)	(10.8)	(89.1)
Total changes	(37.2)	5.3	4.9	(27.0)
Reserves at 30 June 2000	438.3	28.6	90.1	557.0
Improved recovery	0.4	–	–	0.4
Revisions of previous estimates	5.3	0.5	0.5	6.3
Extensions and discoveries	4.4	67.6	74.1	146.1
Purchase/sales of reserves	(0.9)	3.8	(18.3)	(15.4)
Production (b)	(70.7)	(4.2)	(12.2)	(87.1)
Total changes	(61.5)	67.7	44.1	50.3
Reserves at 30 June 2001	376.8	96.3	134.2	607.3
Improved recovery	–	–	–	–
Revisions of previous estimates	12.1	3.2	(11.0)	4.3
Extensions and discoveries	3.4	70.2	–	73.6
Purchase/sales of reserves	–	–	–	–
Production (b)	(63.3)	(9.0)	(14.3)	(86.6)
Total changes	(47.8)	64.4	(25.3)	(8.7)
Reserves at 30 June 2002 (c)	**329.0**	**160.7**	**108.9**	**598.6**
Proved developed oil, condensate and LPG reserves (a)				
Reserves at 1 July 1999	335.8	14.5	48.5	398.8
Reserves at 30 June 2000	334.2	11.3	46.3	391.8
Reserves at 30 June 2001	268.6	9.4	40.9	318.9
Reserves at 30 June 2002	**233.1**	**15.9**	**30.2**	**279.2**

(a) In Bass Strait, the North West Shelf and the North Sea, LPG is extracted separately from crude oil and natural gas.
(b) Production for reserves reconciliation differs slightly from marketable production due to timing of sales and corrections to previous estimates.\
(c) Total proved oil, condensate and LPG reserves include 20.5 million barrels derived from probabilistic aggregation procedures.

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED) continued

(billions of cubic feet)	Australia/Asia)(a)	Americas	UK/Middle East	Total
Proved developed and undeveloped natural gas reserves				
Reserves at 30 June 1999	3 828.9	125.2	844.7	4 798.8
Improved recovery	–	–	–	–
Revisions of previous estimates	280.5	–	7.3	287.8
Extensions and discoveries	206.6	35.2	–	241.8
Purchases/sales of reserves	–	(2.7)	(79.1)	(81.8)
Production (b)	(173.1)	(15.3)	(67.9)	(256.3)
Total changes	314.0	17.2	(139.7)	191.5
Reserves at 30 June 2000	4 142.9	142.4	705.0	4 990.3
Improved recovery	–	–	–	–
Revisions of previous estimates	72.8	(26.4)	(43.9)	2.5
Extensions and discoveries	32.9	38.5	–	71.4
Purchases/sales of reserves	–	6.1	–	6.1
Production (b)	(170.2)	(21.5)	(67.1)	(258.8)
Total changes	(64.5)	(3.3)	(111.0)	(178.8)
Reserves at 30 June 2001	4 078.4	139.1	594.0	4 811.5
Improved recovery	–	–	–	–
Revisions of previous estimates	3.9	2.7	(35.8)	(29.2)
Extensions and discoveries	605.9	37.3	–	643.2
Purchases/sales of reserves	–	–	–	–
Production (b)	(187.4)	(25.1)	(69.0)	(281.5)
Total changes	422.4	14.9	(104.8)	332.5
Reserves at 30 June 2002 (c)	**4 500.8**	**154.0**	**489.2**	**5 144.0**
Proved developed natural gas reserves				
Reserves at 1 July 1999	2 349.7	116.5	612.8	3 079.0
Reserves at 30 June 2000	2 437.0	125.9	522.4	3 085.3
Reserves at 30 June 2001	2 303.2	84.6	550.2	2 938.0
Reserves at 30 June 2002	**2 455.1**	**79.9**	**481.9**	**3 016.9**

(a) Production for Australia includes gas sold as LNG.
(b) Production for reserves differs slightly from marketable production due to timing of sales and corrections to previous estimates.
(c) Total proved natural gas reserves include 185.4 billion cubic feet derived from probabilistic aggregation procedures.

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED) continued

Capitalised 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 impairments.

	2002 US$M	2001 US$M
Capitalised cost		
Unevaluated properties	**234**	272
Production properties	**7 576**	6 253
Total costs (a)(b)	**7 810**	6 525
less Accumulated depreciation, depletion and amortisation and impairments (a) (b)	**(3 944)**	(3 052)
Net capitalised costs(c)	**3 866**	3 473

(a) Includes US$286 million (2001: US$286 million; 2000: US$336 million) attributable to prior year revaluations of fixed assets above historical costs and related accumulated amortisation thereof of US$222 million (2001: US$217 million).

(b) Includes US$125 million (2001: US$118 million) attributable to capitalised exploration, evaluation and development expenditures which would be expensed under US GAAP and related accumulated amortisation thereof of US$87 million (2001: US$86 million).

(c) Net capitalised costs include capitalised pre-production costs of US$479 million (2001: US$338 million), comprising exploration expenditure of US$137 million (2001: US$61 million), development expenditure of US$317 million (2001: US$277 million) and investments of US$25 million (US$nil).

Costs incurred relating to oil and gas producing activities

The following table shows costs incurred relating to oil and gas producing activities (whether charged to expense or capitalised). Amounts shown include interest capitalised.

Property acquisition costs represent costs incurred to purchase or lease oil and gas properties. Exploration costs include costs of geological and geophysical activities and drilling of exploratory wells. Development costs were all expended to develop booked proved undeveloped reserves.

	Australia/Asia US$M	Americas US$M	UK/Middle East US$M	**Total US$M**
2002				
Acquisitions of proved property	**–**	**–**	**–**	**–**
Acquisitions of unevaluated property	**–**	**20**	**–**	**20**
Exploration (a)	**28**	**194**	**46**	**268**
Development	**236**	**186**	**289**	**711**
	264	**400**	**335**	**999**
2001				
Acquisitions of proved property	–	59	–	59
Acquisitions of unevaluated property	–	19	–	19
Exploration (a)	36	125	26	187
Development	114	110	177	401
	150	313	203	666
2000				
Acquisitions of proved property	–	–	–	–
Acquisitions of unevaluated property	–	2	–	2
Exploration (a)	21	108	26	155
Development	192	52	55	299
	213	162	81	456

(a) Represents gross exploration expenditure.

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED) continued

Results of operations from oil and gas producing activities

The following information is similar to the disclosures in note 4 'Analysis by business segment' but differs in several respects as to the level of detail and geographic presentation. Amounts shown in the following table exclude interest income and borrowing costs, general corporate administrative costs and downstream processing of oil and gas into other products for resale. Petroleum general and administrative costs relating to oil and gas activities are included.

Income taxes were determined by applying the applicable statutory rates to pre-tax income with adjustments for permanent differences and tax credits. Certain allocations of tax provisions among geographic areas were necessary and are based on management's assessment of the principal factors giving rise to the tax obligation.

Revenues are reflected net of royalties but before reduction for windfall profit taxes (these are included in operating costs). Revenues include sales to affiliates but amounts are not significant.

	Australia/Asia US$M	Americas US$M	UK/Middle East US$M	Total US$M
2002				
Oil and gas sales	1 888	262	538	2 688
Production costs	(204)	(37)	(80)	(321)
Exploration expenses (a)	(24)	(87)	(41)	(152)
Depreciation, depletion, amortisation (a)	(230)	(142)	(199)	(571)
Production taxes	(446)	(12)	(5)	(463)
Other, net (b)	–	–	–	–
	984	**(16)**	**213**	**1 181**
Income taxes	**(301)**	**12**	**(50)**	**(339)**
Results of oil and gas producing activities (c)	**683**	**(4)**	**163**	**842**
2001				
Oil and gas sales	2 269	214	663	3 146
Production costs	(84)	(76)	(164)	(324)
Exploration expenses (a)	(32)	(106)	(27)	(165)
Depreciation, depletion and amortisation (a)	(269)	(65)	(187)	(521)
Production taxes	(745)	–	(4)	(749)
Other, net (b)	181	15	2	198
	1 320	(18)	283	1 585
Income taxes	(424)	34	(89)	(479)
Results of oil and gas producing activities (c)	896	16	194	1 106
2000				
Oil and gas sales	2 053	127	461	2 641
Production costs	(253)	(42)	(109)	(404)
Exploration expenses (a)	(25)	(79)	(17)	(121)
Depreciation, depletion and amortisation (a)	(293)	(35)	(186)	(514)
Production taxes	(481)	–	(4)	(485)
Other, net (b)	67	–	36	103
	1 068	(29)	181	1 220
Income taxes	(361)	9	(45)	(397)
Results of oil and gas producing activities (c)	707	(20)	136	823

(a) Exploration expenses exclude capitalised exploration, evaluation and development expenditures of US$6 million (2001: US$5 million; 2000: US$5 million) which would have been expensed under US GAAP. In a related manner, depreciation is higher in 2002 by US$1 million (2001: US$2 million; 2000: US$2 million) than that required under US GAAP.

(b) Predominantly includes the effect of a change in policy for providing expenditure for restoration and rehabilitation. At 30 June 2001, this policy was changed such that a provision for 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.

(c) 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 petroleum segment presented in note 4. There are no equity minority interests.

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED) 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 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 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 cent 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 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.

	Australia/Asia US$M	Americas US$M	UK/Middle East US$M	Total US$M
Standardised Measure of discounted future net cash flows (unaudited)				
2002				
Future cash inflows	**19 439**	**4 489**	**4 020**	**27 948**
Future production costs	**(7 209)**	**(975)**	**(1 067)**	**(9 251)**
Future development costs (a) (b)	**(2 484)**	**(1 342)**	**(450)**	**(4 276)**
Future income taxes	**(2 909)**	**(695)**	**(620)**	**(4 224)**
Future net cash flows	**6 837**	**1 477**	**1 883**	**10 197**
Discount at 10% per annum	**(3 363)**	**(757)**	**(597)**	**(4 717)**
Standardised Measure	**3 474**	**720**	**1 286**	**5 480**
2001				
Future cash inflows	19 533	2 637	3 173	25 343
Future production costs	(6 174)	(750)	(954)	(7 878)
Future development costs (a) (b)	(2 586)	(649)	(220)	(3 455)
Future income taxes	(3 148)	(415)	(551)	(4 114)
Future net cash flows	7 625	823	1 448	9 896
Discount at 10% per annum	(3 792)	(293)	(402)	(4 487)
Standardised Measure	3 833	530	1 046	5 409

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED) continued

	Australia/Asia US$M	Americas US$M	UK/Middle East US$M	Total US$M
Standardised Measure of discounted future net cash flows (unaudited)				
continued				
2000				
Future cash inflows	21 243	985	3 822	26 050
Future production costs	(7 558)	(182)	(1 023)	(8 763)
Future development costs (a) (b)	(1 385)	(128)	(304)	(1 817)
Future income taxes	(3 717)	(223)	(635)	(4 575)
Future net cash flows	8 583	452	1 860	10 895
Discount at 10% per annum	(4 667)	(130)	(578)	(5 375)
Standardised Measure	3 916	322	1 282	5 520

(a) Total future dismantlement, abandonment and rehabilitation obligations at 30 June 2002 are estimated to be US$402 million (2002) and this amount has been included in the Standardised Measure calculation.
(b) Future costs to develop our proved undeveloped reserves over the next three years are expected to be US$1 052 million (2003), US$988 million (2004) and US$587 million (2005).

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 cent per annum). All other items of change represent discounted amounts before consideration of income tax effects.

	2002 US$M	2001 US$M	2000 US$M
Changes in the Standardised Measure of discounted future net cash flows (unaudited)			
Standardised Measure – beginning of period	**5 409**	5 520	2 767
Revisions:			
Prices, net of production costs	**342**	(201)	4 086
Revisions of quantity estimates (a)	**599**	(27)	424
Accretion of discount	**781**	772	429
Changes in production timing and other (b)	**(1 136)**	427	(236)
	5 995	6 491	7 470
Sales of oil and gas, net of production costs	**(1 941)**	(2 096)	(1 463)
Acquisitions of reserves-in-place	**–**	70	–
Sales of reserves-in-places (c) (d)	**–**	(24)	(60)
Development costs incurred which reduced previously estimated development costs	**656**	323	207
Extensions and discoveries, net of future costs	**778**	464	430
Changes in future income taxes	**(8)**	181	(1 064)
Standardised Measure – end of period	**5 480**	5 409	5 520

(a) Changes in reserves quantities are shown in the Oil & Gas Reserves on pages F-142 and F-143. Reserve quantities are discussed under 'Business Description – Petroleum'.
(b) Includes the effect of foreign exchange.
(c) Reflects the sale of Buffalo oil field in Northern Australia on 30 March 2001.
(d) Reflects the sale of PNG assets in December 1999.

NOTE 36. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED) continued

Production

The table below details the Petroleum businesses' historical net crude oil and condensate, natural gas, LNG, LPG and ethane production by region for the two years ended 30 June 2002 and 2001. Volumes and tonnages of marketable production are shown after deduction of applicable royalties, fuel and flare. Included in the table average production are costs per unit of production and average sales prices for oil and condensate and natural gas for each of those periods.

	2002	2001
Crude oil and condensate production (millions of barrels)		
Australia/Asia	**56.2**	64.3
Americas	**9.0**	3.7
Europe/Middle East	**13.3**	11.1
Total	**78.5**	79.1
Natural gas production (a) (billions of cubic feet)		
Australia/Asia	**126.0**	115.5
Americas	**25.2**	21.3
Europe/Middle East	**72.7**	68.3
Total	**223.9**	205.1
Liquefied natural gas (LNG) production (b) (thousand tonnes)		
Australia/Asia (leasehold production)	**1 298.8**	1 241.8
Liquefied petroleum gas (LPG) production (c) (thousand tonnes)		
Australia/Asia (leasehold production)	**551.4**	582.1
Europe/Middle East (leasehold production)	**85.6**	91.5
Total	**637.0**	673.6
Ethane production (thousand tonnes)		
Australia/Asia (leasehold production)	**87.1**	67.4
Average sales price		
Oil and Condensate (US$ per barrel) (d)	**22.58**	29.39
Natural gas (US$ per thousand cubic feet)	**1.84**	1.73
Average production cost (e)		
US$ per barrel of oil equivalent (including resource rent tax and other indirect taxes)	**5.83**	8.19
US$ per barrel of oil equivalent (excluding resource rent tax and other indirect taxes)	**2.38**	2.48

(a) Natural gas production figures exclude gas sold as LNG or ethane.
(b) LNG consists primarily of liquefied methane.
(c) LPG consists primarily of liquefied propane and butane.
(d) Oil and condensate prices net of commodity hedging were US$22.58 (2001: US$28.04; 2000: US$22.86).
(e) Average production costs include direct and indirect production costs relating to the production and transportation of hydrocarbons to the point of sale. This includes shipping where applicable. Average production costs have been shown including and excluding resource rent tax and other indirect taxes and duties.

BHP Billiton Group

Unaudited Interim Financial Information

31 December 2002

UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited condensed interim financial information set out on pages F-151 to F-187 has been prepared on the same basis and using the same accounting policies as were applied in drawing up the financial information contained in the accounts of BHP Billiton Plc for the year ended 30 June 2002. The interim financial information should be read in conjunction with the accounts of BHP Billiton Plc for the year ended 30 June 2002 and does not include all information normally contained within the notes to annual accounts. Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

The Australian Federal Government has introduced Consolidations tax law, which enables an Australian group of companies to be treated as a single entity and to lodge a single tax return, if the Group makes an election, which is voluntary.

The election to consolidate can be made from the 2003 financial year and to be eligible the Head company of the wholly-owned group of entities will need to make an irrevocable choice to consolidate with its wholly-owned Australian subsidiaries for income tax purposes. This election needs to be made to the Australian Tax Office (ATO) by the time the Group lodges its first consolidated income tax return (being 1 December for the prior year ending 30 June). All of the wholly-owned subsidiaries will become “subsidiary members” of the consolidated group and together with the Head company will constitute the members of the group.

The new Consolidations tax law rules also provide the means for pooling of Group franking credits and disregarding intra-group transactions in calculating tax liabilities. Groups that do not elect to form a consolidated group will not be able to use existing grouping rules, including grouping of tax losses and rollover of capital gains tax assets. Complex rules applicable upon election restrict the ability to bring tax losses into a consolidated group and permit reset of the tax cost base of assets in certain limited circumstances.

The Group has yet to decide whether or not to elect under the Consolidations regime, so any impact on the Financial Statements has not yet been determined. It is anticipated the Group will be able to determine this position at the completion of the 2003 financial year. In the event that the Group elects to consolidate, there is not expected to be any adverse effect on recorded tax assets.

The financial information for the half years ended 31 December 2002 and 31 December 2001 is unaudited. In the opinion of the Directors, the financial information for these periods presents fairly the financial position, results of operations and cash flows for the periods in conformity with UK generally accepted accounting principles (GAAP).

The financial information for the year ended 30 June 2002 has been derived from the audited financial statements of BHP Billiton Plc for that period as filed with the UK Registrar of Companies and does not constitute the statutory accounts of BHP Billiton Plc for that period. The auditors’ report on the statutory accounts for the year ended 30 June 2002 was unqualified and did not contain statements under Section 237 (2) (regarding adequacy of accounting records and returns) or under Section 237 (3) (provision of necessary information and explanations) of the United Kingdom Companies Act 1985.

Unaudited Condensed Consolidated Profit and Loss Account

for the half year ended 31 December 2002

		Half year ended 31 December 2002		
		Continuing Operations	Discontinued Operations/ Exceptional items	Total
	Notes	US$M	US$M	US$M
Turnover (including share of joint ventures and associates)		**8 048**	**-**	**8 048**
less Share of joint ventures' and associates' turnover included above		**(977)**	**-**	**(977)**
Group turnover		**7 071**	**-**	**7 071**
Net operating costs	1	**(5 618)**	**-**	**(5 618)**
Group operating profit/(loss)		**1 453**	**-**	**1 453**
Share of operating profit/(loss) of joint ventures and associates		**184**	**-**	**184**
Operating profit/(loss) (including share of profit of joint ventures and associates)		**1 637**	**-**	**1 637**
Income from other fixed asset investments		**14**	**-**	**14**
Profit/(loss) on sale of fixed assets		**8**	**-**	**8**
Profit/(loss) on sale of subsidiaries		**-**	**-**	**-**
Loss on termination of operations	1	**-**	**-**	**-**
Loss on sale of discontinued operations	1	**-**	**(19)**	**(19)**
Profit/(loss) before net interest and similar items payable and taxation		**1 659**	**(19)**	**1 640**
Net interest and similar items payable				
Group	4	**(199)**	**-**	**(199)**
Joint ventures and associates	4	**(46)**	**-**	**(46)**
Profit/(loss) before taxation		**1 414**	**(19)**	**1 395**
Taxation	1	**(466)**	**-**	**(466)**
Profit/(loss) after taxation		**948**	**(19)**	**929**
Equity minority interests		**(17)**	**-**	**(17)**
Profit/(loss) for the financial period (attributable profit)		**931**	**(19)**	**912**
Dividends to shareholders		**(434)**	**-**	**(434)**
Retained profit/(loss) for the financial period		**497**	**(19)**	**478**
Earnings/(loss) per ordinary share (basic) (US cents) (a)		**15**	**(0)**	**15**
Earnings/(loss) per ordinary share (diluted) (US cents) (a)		**15**	**(0)**	**15**
Dividend per ordinary share (US cents)				**7.0**

Unaudited Condensed Consolidated Profit and Loss Account continued

		Half year ended 31 December 2001		
		Continuing Operations	**Discontinued Operations**	**Total**
	Notes	**US$M**	**US$M**	**US$M**
Turnover (including share of joint ventures and associates)		7 649	1 245	8 894
less Share of joint ventures' and associates' turnover included above		(723)	(92)	(815)
Group turnover		6 926	1 153	8 079
Net operating costs	1	(5 566)	(1 113)	(6 679)
Group operating profit/(loss)		1 360	40	1 400
Share of operating profit/(loss) of joint ventures and associates		171	(2)	169
Operating profit/(loss) (including share of profit of joint ventures and associates)		1 531	38	1 569
Income from other fixed asset investments		17	1	18
Profit/(loss) on sale of fixed assets		(21)	16	(5)
Profit on sale of subsidiaries		69	–	69
Loss on termination of operations	1	–	–	–
Loss on sale of discontinued operations	1	–	–	–
Profit/(loss) before net interest and similar items payable and taxation		1 596	55	1 651
Net interest and similar items payable				
Group	4	(37)	(1)	(38)
Joint ventures and associates	4	14	(5)	9
Profit/(loss) before taxation		1 573	49	1 622
Taxation	1	(399)	(3)	(402)
Profit/(loss) after taxation		1 174	46	1 220
Equity minority interests		(19)	(3)	(22)
Profit/(loss) for the financial period (attributable profit)		1 155	43	1 198
Dividends to shareholders		(392)	–	(392)
Retained profit/(loss) for the financial period		763	43	806
Earnings per ordinary share (basic) (US cents) (a)		19	1	20
Earnings per ordinary share (diluted) (US cents) (a)		19	1	20
Dividend per ordinary share (US cents)				6.5

Unaudited Condensed Consolidated Profit and Loss Account continued

	Notes	Year ended 30 June 2002 Continuing Operations US$M	Exceptional Items US$M	Continuing Operations Including Exceptional Items US$M	Discontinued Operations US$M	Total US$M
Turnover (including share of joint ventures and associates)		15 228	–	15 228	2 550	17 778
less Share of joint ventures' and associates' turnover included above		(1 666)	–	(1 666)	(206)	(1 872)
Group turnover		13 562	–	13 562	2 344	15 906
Net operating costs	1	(10 907)	(111)	(11 018)	(2 285)	(13 303)
Group operating profit/(loss)		2 655	(111)	2 544	59	2 603
Share of operating profit/(loss) of joint ventures and associates		329	–	329	11	340
Operating profit/(loss)						
(including share of profit/(loss) of joint ventures and associates)		2 984	(111)	2 873	70	2 943
Income from other fixed asset investments		37	–	37	1	38
Profit/(loss) on sale of fixed assets		13	–	13	15	28
Profit on sale of subsidiaries		68	–	68	–	68
Loss on termination of operations	1	–	(101)	(101)	–	(101)
Loss on sale of discontinued operations	1	–	–	–	–	–
Profit/(loss) before net interest and similar items payable and taxation		3 102	(212)	2 890	86	2 976
Net interest and similar items payable						
Group	4	(208)	–	(208)	(4)	(212)
Joint ventures and associates	4	(28)	–	(28)	(9)	(37)
Profit/(loss) before taxation		2 866	(212)	2,654	73	2 727
Taxation	1	(961)	(32)	(993)	3	(990)
Profit/(loss) after taxation		1 905	(244)	1,661	76	1 737
Equity minority interests		(39)	–	(39)	(8)	(47)
Profit/(loss) for the financial period (attributable profit)		1 866	(244)	1,622	68	1 690
Dividends to shareholders		(784)	–	(784)	–	(784)
Retained profit/(loss) for the financial period		1 082	(244)	838	68	906
Earnings/(loss) per ordinary share (basic) (US cents) (a)		31	(4)	27	1	28
Earnings/(loss) per ordinary share (diluted) (US cents) (a)		31	(4)	27	1	28
Dividend per ordinary share (US cents)						13.0

For the year ended 30 June 2002 BHP Steel's results were reported as discontinued operations due to the demerger of the BHP Steel business in July 2002. The half year ended 31 December 2001 has been restated accordingly. There are no exceptional items in net operating costs of discontinued operations for the half year ended 31 December 2001 or the full year ended 30 June 2002. Net interest shown against discontinued operations includes that amount of net external interest that is directly attributable to the discontinued operations. Taxation is the nominal charge on the profit before taxation.

Under the terms of the DLC merger, the rights to dividends of a holder of an ordinary share in BHP Billiton Plc and a holder of an ordinary share in BHP Billiton Limited are identical. Consequently, earnings per share has been calculated on the basis of the aggregate number of ordinary shares ranking for dividend. The weighted average number of shares used for the purposes of calculating basic earnings per share is calculated after deduction of the shares held by the share repurchase scheme and the Billiton Employee Share Ownership Trust.

The calculation of basic earnings per ordinary share is based on earnings after tax and minority interest of US$912 million (31 December 2001: US$1,198 million; 30 June 2002: US$1,690 million) and the weighted average number of ordinary shares outstanding of 6,201 million (31 December 2001: 6,024 million; 30 June 2002: 6,029 million). The calculation of diluted earnings per share is based on earnings after tax and minority interest of US$912 million (31 December 2001: US$1,198 million; 30 June 2002: US$1,690 million) and the weighted average number of shares outstanding of 6,219 million (31 December 2001: 6,040 million; 30 June 2002: 6,042 million). The exceptional loss of US$19 million upon sale of the 6% interest in BHP Steel for US$75 million in July 2002 reduced basic and diluted earnings per share by 0.3 US cents for the half year ended 31 December 2002.

For the periods reported, one American Depositary Share (ADS) represents two shares. Earnings per ADS were 30 US cents for the half year ended 31 December 2002 (31 December 2001: 40 US cents; 30 June 2002: 56 US cents).

(a) Whilst the presentation of earnings per share excluding exceptional items is acceptable under UK GAAP, this presentation is not permitted under US GAAP. Profit and earnings per share before exceptional items are not measures of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP as a measurement of the BHP Billiton Group's profitability or liquidity. All registrants do not calculate profit and earnings per share before exceptional items in the same manner, and accordingly, profit and earnings per share before exceptional items may not be comparable with other registrants. Refer to note 1 for details of exceptional items excluded.

Unaudited Condensed Consolidated Balance Sheet

at 31 December 2002

	Notes	**As at 31 December 2002 US$M**	As at 31 December 2001 US$M	As at 30 June 2002 US$M
Fixed assets				
Intangible assets				
Goodwill		**38**	44	42
Negative goodwill		**(32)**	(35)	(33)
		6	9	9
Tangible assets		**18 931**	19 279	20 179
Investments				
Joint ventures – share of gross assets		**2 799**	3 084	2 902
Joint ventures – share of gross liabilities		**(1 361)**	(1 830)	(1 434)
		1 438	1 254	1 468
Associates		**100**	63	85
Loans to joint ventures and associates and other investments		**868**	1 108	987
		21 343	21 713	22 728
Current assets				
Stocks		**1 253**	1 507	1 457
Debtors				
Amounts due within one year		**2 254**	2 388	2 554
Amount due after one year		**1 149**	869	1 197
		3 403	3 257	3 751
Investments		**107**	175	117
Cash including money market deposits		**874**	661	1 499
		5 637	5 600	6 824
Creditors – amounts falling due within one year		**(4 397)**	(3 738)	(6 229)
Net current assets		**1 240**	1 862	595
Total assets less current liabilities		**22 583**	23 575	23 323
Creditors – amounts falling due after more than one year		**(6 569)**	(7 297)	(5 987)
Provisions for liabilities and charges		**(4 256)**	(3 777)	(4 654)
Net assets		**11 758**	12 501	12 682
Equity minority interests		**(302)**	(322)	(326)
Attributable net assets		**11 456**	12 179	12 356
Capital and reserves				
Called up share capital – BHP Billiton Plc		**1 235**	1 160	1 160
Share premium account		**517**	592	592
Contributed equity – BHP Billiton Limited		**1 759**	3 065	3 143
Profit and loss account		**7 945**	7 362	7 461
Equity shareholders' funds	5	**11 456**	12 179	12 356

Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Consolidated Balance Sheets as at 31 December 2001 and 30 June 2002 include BHP Steel assets and liabilities accordingly.

Unaudited Condensed Consolidated Statement of Total Recognised Gains and Losses

for the half year ended 31 December 2002

	Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 US$M
Attributable profit for the period	**912**	1 198	1 690
Exchange gains and losses on foreign currency net investments	**39**	26	25
Total recognised gains for the period	**951**	1 224	1 715

Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Consolidated Statement of Total Recognised Gains and Losses for the half year ending 31 December 2001 and year ending 30 June 2002 includes gains and losses pertaining to BHP Steel.

Unaudited Condensed Consolidated Statement of Cash Flows

for the half year ended 31 December 2002

	Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 US$M
Net cash inflow from Group operating activities (a)	**1 899**	2 065	4 641
Dividends received from joint ventures and associates	**70**	44	149
Interest paid	**(158)**	(288)	(496)
Dividends paid on redeemable preference shares	**(12)**	(16)	(35)
Interest received	**6**	46	156
Other dividends received	**14**	18	38
Dividends paid to minorities	**(20)**	(4)	(20)
Net cash outflow from returns on investments and servicing of finance	**(170)**	(244)	(357)
Taxes paid	**(540)**	(400)	(606)
Refund of taxes paid	**-**	-	91
Taxation	**(540)**	(400)	(515)
Available cash flow	**1 259**	1 465	3 918
Purchases of tangible fixed assets	**(1 216)**	(1 081)	(2 481)
Exploration expenditure	**(130)**	(202)	(390)
Disposals of tangible fixed assets	**33**	144	200
Purchase of investments and funding of joint ventures	**(52)**	(5)	(182)
Sale of investments and repayments by joint ventures (a)	**165**	36	232
Net cash outflow from capital expenditure and financial investment	**(1 200)**	(1 108)	(2 621)
Investment in subsidiaries	**-**	(45)	(45)
Sale of subsidiaries (a)	**358**	150	190
Cash transferred on disposal (a)	**(86)**	(26)	(45)
Investment in joint ventures	**-**	(42)	(208)
Disposal of joint venture	**-**	6	70
Net cash inflow/(outflow) from acquisitions and disposals	**272**	43	(38)
Net cash flow before equity dividends paid, management of liquid resources and financing	**331**	400	1 259
Equity dividends paid	**(835)**	(811)	(811)
Net cash flow before management of liquid resources and financing	**(504)**	(411)	448
Net cash (outflow)/inflow from management of liquid resources	**(6)**	236	157
Redeemable preference shares	**-**	(355)	(423)
Finance lease obligations	**-**	(4)	(28)
Debt due within one year – repayment of loans	**(1 657)**	(924)	(1 344)
Debt due within one year – drawdowns	**1 264**	723	1 657
Debt due after one year – repayment of loans	**(1 038)**	(2 074)	(2 722)
Debt due after one year – drawdowns	**1 614**	2 688	2 318
Net cash inflow/(outflow) from debt and finance leases	**183**	54	(542)
Share buy-back scheme – BHP Billiton Limited	**-**	(19)	(19)
Issue of shares	**72**	26	104
Net cash inflow/(outflow) from financing	**255**	61	(457)
(Decrease)/Increase in cash in the period	**(255)**	(114)	148

(a) The impact on the BHP Billiton Group's cash flows of the demerger of BHP steel business in July 2002, was a cash inflow of US$347 million, representing US$294 million from the settlement by BHP Steel of intercompany loans, less US$22 million demerger transaction costs paid. US$75 million from the sale of the 6% interest in BHP Steel is included in the sale of investments and repayments by joint ventures.

Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Consolidated Statement of Cash Flows for the half year ending 31 December 2001 and year ending 30 June 2002 include cash flows pertaining to BHP Steel.

Unaudited Condensed Consolidated Statement of Cash Flows continued
For the half year ended 31 December 2002

	Notes	**Half year ended 31 December 2002 US$M**	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 US$M
Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash in the period		**(255)**	(114)	148
Cash flow from debt and finance leases		**(183)**	(54)	542
Cash flow from management of liquid resources		**6**	(236)	(157)
(Increase)/decrease in net debt arising from cash flows		**(432)**	(404)	533
Other non-cash movements	6	**232**	-	-
(Increase)/decrease in net debt from exchange adjustments	6	**(41)**	178	(34)
(Increase)/decrease in net debt		**(241)**	(226)	499
Net debt at beginning of period	6	**(6 822)**	(7 321)	(7 321)
Net debt at end of period	6	**(7 063)**	(7 547)	(6 822)

(a) Net cash inflow from Group operating activities

	Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 US$M
Operating profit	**1 453**	1 400	2 603
Depreciation and amortisation	**792**	863	1 727
Impairment of assets	**-**	-	119
Employee share awards	**15**	8	28
Net exploration charge	**83**	172	243
(Increase) in stocks	**(124)**	(112)	(11)
(Increase)/decrease in debtors	**(118)**	202	(346)
(Decrease)/increase in creditors	**(152)**	(332)	292
(Decrease) in provisions	**(36)**	(157)	(49)
Other movements	**(14)**	21	35
Net cash inflow from Group operating activities	**1 899**	2 065	4 641

Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Consolidated Statement of Cash Flows for the half year ending 31 December 2001 and year ending 30 June 2002 include cash flows pertaining to BHP Steel.

Notes to Unaudited Condensed Interim Financial Information

NOTE 1. EXCEPTIONAL ITEMS

Half year ended 31 December 2002	Gross US$M	Tax US$M	Net US$M
Loss on sale of 6% interest in BHP Steel	**(19)**	**-**	**(19)**
Total by category	**(19)**	**-**	**(19)**
Discontinued operations	**(19)**	**-**	**(19)**
Total by Customer Sector Group	**(19)**	**-**	**(19)**

There were no exceptional items in the half year ended 31 December 2001.

Year ended 30 June 2002	Gross US$M	Tax US$M	Net US$M
Termination of operations (net increase in impairment and other provisions for South West Copper business in US)	(101)	-	(101)
Taxation (restatement of deferred taxation balances due to increase of corporation taxation rate for petroleum operations in the UK)	-	(56)	(56)
Suspension of Tintaya sulphide operations	(31)	9	(22)
Merger related restructuring costs	(80)	15	(65)
Total by category	(212)	(32)	(244)
Petroleum	(4)	1	(3)
Aluminium	(4)	-	(4)
Base Metals	(145)	10	(135)
Carbon Steel Materials	(6)	1	(5)
Diamonds and Specialty Products	(6)	2	(4)
Energy Coal	(5)	1	(4)
Stainless Steel Materials	(3)	-	(3)
Group and unallocated items	(39)	(47)	(86)
Total by Customer Sector Group	(212)	(32)	(244)

Notes to Unaudited Condensed Interim Financial Information

NOTE 2. ANALYSIS BY BUSINESS SEGMENT

Turnover	**Half year ended 31 December 2002 US$M**	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 US$M
Petroleum	**1 511**	1 434	2 815
Aluminium	**1 535**	1 371	2 857
Base Metals	**897**	817	1 821
Carbon Steel Materials	**1 747**	1 660	3 306
Diamonds and Specialty Products	**716**	752	1 480
Energy Coal	**947**	1 045	1 919
Stainless Steel Materials	**491**	449	868
Group and unallocated items	**424**	378	730
Intersegment	**(220)**	(257)	(568)
Total Continuing Operations	**8 048**	7 649	15 228
Discontinued Operations [(a)]	**-**	1 245	2 550
Total BHP Billiton Group	**8 048**	8 894	17 778
Profit before taxation			
Petroleum	**660**	576	1 073
Aluminium	**266**	191	492
Base Metals	**83**	69	200
Carbon Steel Materials	**506**	565	1 084
Diamonds and Specialty Products	**150**	138	272
Energy Coal	**124**	350	536
Stainless Steel Materials	**61**	(36)	3
Group and unallocated items	**(191)**	(257)	(558)
Exceptional items	**-**	-	(212)
Total Continuing Operations	**1 659**	1 596	2 890
Discontinued Operations [(a)]	**(19)**	55	86
Profit before net interest and taxation	**1 640**	1 651	2 976
Net interest	**(245)**	(29)	(249)
Total BHP Billiton Group	**1 395**	1 622	2 727

Trading activities included above

Turnover			
Petroleum	**33**	35	72
Aluminium	**557**	518	1 006
Base Metals	**6**	1	24
Carbon Steel Materials	**11**	14	22
Diamonds and Specialty Products	**374**	431	823
Energy Coal	**145**	63	108
Stainless Steel Materials	**3**	3	9
Group and unallocated	**217**	16	112
Total BHP Billiton Group	**1 346**	1 081	2 176
Profit before taxation			
Petroleum	**-**	1	1
Aluminium	**4**	1	1
Base Metals	**1**	-	-
Carbon Steel Materials	**(2)**	-	-
Diamonds and Specialty Products	**7**	(6)	(6)
Energy Coal	**3**	3	3
Stainless Steel Materials	**-**	-	-
Group and unallocated	**(3)**	-	(5)
Total BHP Billiton Group	**10**	(1)	(6)

Notes to Unaudited Condensed Interim Financial Information

NOTE 2. ANALYSIS BY BUSINESS SEGMENT continued

Net operating assets	**Half year ended 31 December 2002 US$M**	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 US$M
Petroleum	**3 227**	2 722	2 865
Aluminium	**4 907**	4 773	4 727
Base Metals	**4 116**	4 149	4 077
Carbon Steel Materials	**2 583**	2 407	2 573
Diamonds and Specialty Products	**1 484**	1 672	1 620
Energy Coal	**2 172**	1 780	2 092
Stainless Steel Materials	**1 709**	1 747	1 663
Group and unallocated items	**602**	956	529
Total Continuing Operations	**20 800**	20 206	20 146
Discontinued Operations (a)	**-**	2 039	2 248
Total BHP Billiton Group	**20 800**	22 245	22 394

(a) For the year ended 30 June 2002 BHP Steel's results were reported as discontinued operations due to the demerger of the BHP Steel business in July 2002. The half year ended 31 December 2001 has been restated accordingly.

NOTE 3. ANALYSIS BY GEOGRAPHICAL SEGMENT

Turnover by geographical market	**Half year ended 31 December 2002 US$M**	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 (a) US$M
Continuing operations			
Australia	**935**	670	1 442
Europe	**2 272**	2 198	4 430
Japan	**1 087**	997	2 078
South Korea	**585**	428	1 068
Other Asia	**958**	1 121	1 998
North America	**1 295**	1 250	2 344
Southern Africa	**418**	407	936
Rest of World	**498**	578	932
Total from continuing operations	**8 048**	7 649	15 228
Discontinued operations			
Australia	–	682	1 339
Europe	–	41	112
Japan	–	9	17
South Korea	–	17	42
Other Asia	–	141	328
North America	–	195	391
Rest of World	–	160	321
Total from discontinued operations	–	1 245	2 550
Total by geographical market	**8 048**	8 894	17 778

Notes to Unaudited Condensed Interim Financial Information

NOTE 3. ANALYSIS BY GEOGRAPHICAL SEGMENT continued

Turnover by geographical origin	**Half year ended 31 December 2002 US$M**	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 (a) US$M
Continuing operations			
Australia	**3 048**	2 925	5 842
Europe	**1 046**	1 052	2 049
North America	**1 011**	1 072	2 143
South America	**1 228**	1 031	2 255
Southern Africa	**1 503**	1 340	2 696
Rest of World	**212**	229	243
Total from continuing operations	**8 048**	7 649	15 228
Discontinued operations			
Australia	**–**	920	1 887
Europe	**–**	19	31
North America	**–**	92	208
Rest of World	**–**	214	424
Total from discontinued operations	**–**	1 245	2 550
Total by geographical origin	**8 048**	8 894	17 778

Profit before tax	**Half year ended 31 December 2002 US$M**	Half year ended 31 December 2001 US$M	Year ended 30 June 2002 (a) US$M
Continuing operations			
Australia	**930**	872	1 549
Europe	**108**	115	233
North America	**85**	66	22
South America	**216**	128	301
Southern Africa	**323**	339	712
Rest of World	**(3)**	76	73
Total from continuing operations	**1 659**	1 596	2 890
Discontinued operations			
Australia	**(19)**	30	25
Europe	**–**	–	3
North America	**–**	1	21
Rest of World	**–**	24	37
Total from discontinued operations	**(19)**	55	86
Net interest	**(245)**	(29)	(249)
Total by geographical origin	**1 395**	1 622	2 727

(a) Certain re-allocations have been made in the geographic splits for the year ended 30 June 2002 to align reporting with that of the half year ended 31 December 2002.

Notes to Unaudited Condensed Interim Financial Information

NOTE 4. NET INTEREST AND SIMILAR ITEMS (PAYABLE)/RECEIVABLE

	Half year ended 31 December 2002	Half year ended 31 December 2001	Year ended 30 June 2002
	US$M	US$M	US$M
On bank loans and overdrafts	**(30)**	(122)	(161)
On all other loans	**(151)**	(136)	(311)
Finance lease and hire purchase interest	**(2)**	(4)	(5)
	(183)	(262)	(477)
Dividends on redeemable preference shares	**(12)**	(18)	(39)
Discounting on provisions	**(38)**	(18)	(42)
less Amounts capitalised (a)	**51**	15	58
	(182)	(283)	(500)
Share of interest of joint ventures and associates	**(34)**	(36)	(71)
	(216)	(319)	(571)
Interest received/receivable	**29**	48	142
	(187)	(271)	(429)
Exchange differences on net debt (b)			
Group	**(46)**	197	146
Joint ventures and associates	**(12)**	45	34
	(58)	242	180
Net interest and similar items payable (c)	**(245)**	(29)	(249)

(a) Interest has been capitalised at the rate of interest applicable to the specific borrowings financing the assets under construction or, where financed through general borrowings, at a capitalisation rate representing the average borrowing cost of the Group. For the half year ended 31 December 2002 the capitalisation rate was 5.26 per cent.

(b) Net exchange (losses)/gains primarily represent the effect on borrowings of the (appreciation)/depreciation of the South African rand against the US dollar.

(c) Disclosed in the consolidated profit and loss account as:

	Half year ended 31 December 2002	Half year ended 31 December 2001	Year ended 30 June 2002
	US$M	US$M	US$M
Net interest and similar items payable			
Group	**(199)**	(38)	(212)
Joint ventures and associates	**(46)**	9	(37)
Net interest and similar items payable	**(245)**	(29)	(249)

Notes to Unaudited Condensed Interim Financial Information

NOTE 5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Half year ended 31 December 2002	Half year ended 31 December 2001	Year ended 30 June 2002
	US$M	US$M	US$M
Profit for the financial period	**912**	1 198	1 690
Other recognised gains and losses	**39**	26	25
Total recognised gains and losses	**951**	1 224	1 715
Dividends	**(434)**	(392)	(784)
Issue of ordinary shares	**72**	26	104
BHP Steel demerger (a)	**(1 489)**	-	-
Share buy-back program – BHP Billiton Limited	**-**	(19)	(19)
Net movement in shareholders' funds	**(900)**	839	1 016
Shareholders' funds at beginning of period	**12 356**	11 340	11 340
Shareholders' funds at end of period	**11 456**	12 179	12 356

(a) Includes costs associated with the BHP Steel demerger of US$17 million net of tax (US$24 million before tax). Additional costs of US$1 million net of tax (US$2 million before tax) have been charged against profit. Of the total, US$22 million has been paid at 31 December 2002.

NOTE 6. ANALYSIS OF MOVEMENTS IN NET DEBT

	As at 1 July 2002 US$M	Acquisitions & disposals US$M	Cash flow US$M	Other non-cash movements[(a)] US$M	Exchange movements US$M	**As at 31 December 2002 US$M**
Cash at bank and in hand	1 199	(86)	(570)	-	24	**567**
Overdrafts	(509)	-	401	-	(8)	**(116)**
	690	(86)	(169)	-	16	**451**
Redeemable preference shares	(450)	-	-	-	-	**(450)**
Finance lease obligations	(35)	-	-	(11)	-	**(46)**
Other debt due within one year	(2 276)	-	393	165	(19)	**(1 737)**
Other debt due after one year	(5 051)	-	(576)	78	(39)	**(5 588)**
	(7 812)	-	(183)	232	(58)	**(7 821)**
Money market deposits (b)	300	-	6	-	1	**307**
Net debt (c)	(6 822)	(86)	(346)	232	(41)	**(7 063)**
The balance sheet movement in cash including money market deposits is as follows:						
Cash at bank and in hand	1 199	(86)	(570)	-	24	**567**
Money market deposits (b)	300	-	6	-	1	**307**
	1 499	(86)	(564)	-	25	**874**

(a) Net other non-cash movements represent debt transferred on demerger of BHP Steel
(b) Money market deposits with financial institutions have a maturity of up to three months.
(c) The breakdown of net debt by currency is as follows:

	US$M As at 31 December 2002	US$M As at 31 December 2001	US$M As at 30 June 2002
Net debt is denominated in:			
US dollars	**6 793**	5 322	4 631
South African rand	**337**	358	348
Australian dollars	**20**	1 341	1 451
Canadian dollars	**(68)**	223	301
Other currencies	**(19)**	303	91
Net debt	**7 063**	7 547	6 822

Notes to Unaudited Condensed Interim Financial Information

NOTE 7. NET OPERATING COSTS

	Half year ended 31 December 2002	Half year ended 31 December 2001	Year ended 30 June 2002
	US$M	US$M	US$M
Change in stocks of finished goods and work in progress	**(97)**	(128)	(99)
Raw materials and consumables	**1 195**	1 330	3 240
Staff costs	**769**	1 000	2 035
Amortisation of goodwill and negative goodwill	**3**	2	3
Depreciation of tangible fixed assets	**789**	861	1 724
Impairment charge	**-**	–	119
Loss on sale of fixed assets and joint ventures	**-**	–	–
Other operating income	**(68)**	(37)	(163)
Other operating charges	**3 027**	3 651	6 444
Group	**5 618**	6 679	13 303
Joint ventures and associates	**793**	646	1 532
Operating costs including joint ventures and associates	**6 411**	7 325	14 835

	Half year ended 31 December 2002	Half year ended 31 December 2001	Year ended 30 June 2002
	US$M	US$M	US$M
Operating expenses and cost of sales	**4 767**	5 743	11 421
Group centre, general and administration charges	**59**	73	155
Amortisation of goodwill and negative goodwill	**3**	2	3
Depreciation of tangible fixed assets	**789**	861	1 724
Group	**5 618**	6 679	13 303
Joint ventures and associates	**793**	646	1 532
Operating costs including joint ventures and associates	**6 411**	7 325	14 835

NOTE 8. TAXATION

The tax charge was US$466 million, representing an effective rate of 33.0%. Excluding the impacts on tax of non tax-effected foreign currency, translation of tax balances and other functional currency translation adjustments, the effective rate was 32.4%.

NOTE 9. STOCKS

	As at 31 December 2002	As at 31 December 2001	As at 30 June 2002
	US$M	US$M	US$M
Raw materials and consumables	**318**	461	349
Work in progress	**338**	367	434
Finished goods	**597**	679	674
	1 253	1 507	1 457

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

RECONCILIATION TO US GAAP

The financial information of the BHP Billiton Group included in this interim report is prepared in accordance with UK Generally Accepted Accounting Principles (GAAP). The reconciliations presented in this note set out the significant differences between US GAAP and UK GAAP that affect the BHP Billiton Group's net income and shareholders' equity.

The following is a summary of the estimated adjustments to net income for the half years ended 31 December 2002 and 2001 which would be required if US GAAP had been applied instead of UK GAAP. Certain items in the comparative period have been reclassified to conform to current period disclosures.

		Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M
Reconciliation of net income			
Attributable profit as reported under UK GAAP		**912**	1,198
add/(deduct)			
Estimated adjustment required to accord with US GAAP:			
Fair value adjustment on acquisition of BHP Billiton Plc Group - Depreciation, amortisation and other asset movements	(A)	**(91)**	(305)
BHP Steel demerger	(B)	**17**	-
Employee compensation costs	(C)	**(13)**	-
Depreciation – write-downs	(D)	**(1)**	(8)
– revaluations	(E)	**5**	2
– reserves	(F)	**(7)**	-
Restructuring and employee provisions	(G)	**(5)**	(38)
Fair value accounting for derivatives	(H)	**(118)**	38
Synthetic debt	(I)	**(9)**	12
Realised net exchange (losses)/gains on sale of assets/closure of operations	(J)	**-**	3
Exploration, evaluation and development expenditures	(K)	**(15)**	(5)
Start-up costs	(L)	**(2)**	(16)
Profit on asset sales	(M)	**1**	1
Pension plans	(N)	**5**	11
Other post-retirement benefits	(O)	**3**	4
Mozal expansion rights	(P)	**-**	22
Goodwill	(Q)	**6**	-
Tax adjustments (including the tax effect of above adjustments)	(R)	**37**	63
Total adjustment		**(187)**	(216)
Net income of BHP Billiton Group under US GAAP		**725**	982

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following is a summarised income statement prepared in accordance with US GAAP:

	Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M
Consolidated Income Statement		
Sales revenue	**7 071**	6 926
Other revenue	**91**	130
	7 162	7 056
Deduct		
Cost of sales	**5 110**	4 540
Depreciation and amortisation	**879**	951
General and administrative expenses	**79**	107
Operating income	**1 094**	1 458
Add		
Interest Income	**29**	48
Deduct		
Interest expense	**146**	261
Income/(loss) before tax, minority interests and equity in net earnings of affiliated companies	**977**	1 245
Deduct/(add)		
Taxation expense/(benefit)	**338**	432
Add		
Share of profits of joint ventures and associated undertakings	**91**	143
Deduct/(add)		
Minority interests	**10**	19
Net income from continuing operations	**720**	937
Discontinued operations		
Income from discontinued operations	**-**	51
Deduct/(add)		
Taxation expense/(benefit) from discontinued operations	**-**	3
Deduct		
Net profit on disposal of operations	**5**	-
Deduct		
Minority interest in discontinued operations	**-**	3
Net (loss)/income from discontinued operations	**5**	45
Net income	**725**	982

presented in US dollars and prepared in accordance with UK GAAP

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

	Half year ended 31 December 2002 US$	Half year ended 31 December 2001 US$
Earnings per share – US GAAP (a) (b)		
Basic – continuing operations	**0.12**	0.16
Diluted – continuing operations	**0.12**	0.16
Basic – discontinued operations	**0.00**	0.00
Diluted – discontinued operations	**0.00**	0.00
Basic – net income	**0.12**	0.16
Diluted – net income	**0.12**	0.16

(a) Based on the weighted average number of shares on issue for the period.

(b) For the periods indicated, each American Depository Share (ADS) represents two ordinary shares. Therefore the earnings per ADS under US GAAP is a multiple of two from the above earnings per share disclosures.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following reconciliation of comprehensive income reports changes in shareholders' equity excluding those resulting from investments by shareholders and distributions to shareholders.

		Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M
Reconciliation of comprehensive income			
Total changes in equity other than those resulting from transactions with owners under UK GAAP		**951**	1 224
Adjustments to reflect comprehensive income in accordance with US GAAP, net of income tax:			
Total adjustment to net income per above reconciliation		**(187)**	(216)
Reclassification adjustment for net exchange gains		**(92)**	(3)
Net transfer to earnings on maturity of cash flow hedging instruments		**158**	127
Change in fair value of listed investments	(T)	**3**	-
Comprehensive income – under US GAAP		**833**	1 132
Accumulated other comprehensive income comprises:			
Exchange fluctuation account		**334**	469
Qualifying cash flow hedging instruments		**(113)**	(292)
Other items		**8**	-

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following is a summary of the estimated adjustments to shareholders' equity as at 31 December 2002 and 30 June 2002 that would be required if US GAAP had been applied instead of UK GAAP. Certain items in the comparative period have been reclassified to conform to current period disclosures.

		As at 31 December 2002 US$M	As at 30 June 2002 US$M
Reconciliation of Shareholders' Equity			
Shareholders' equity under UK GAAP		**11 456**	12 356
add/(deduct)			
Estimated adjustment required to accord with US GAAP:			
Fair value adjustments on acquisition of BHP Billiton Plc Group (a)			
Investments	(A) (ii)	**1 020**	1 039
Property, plant and equipment	(A) (iii)	**2 017**	2 072
Undeveloped properties	(A)(iv)	**673**	687
Long-term contracts	(A)(v)	**38**	39
Goodwill	(A)(vi)	**3 174**	3 174
Long-term debt	(A)(vii)	**11**	13
BHP Steel demerger	(B)	**-**	(264)
Write-downs	(D)	**46**	87
Property, plant and equipment revaluations	(E)	**(58)**	(63)
Reserves	(F)	**(22)**	(15)
Restructuring and employee provisions	(G)	**6**	11
Fair value accounting for derivatives	(H)	**(18)**	(127)
Synthetic debt	(I)	**22**	31
Exploration, evaluation and development expenditures	(K)	**(141)**	(126)
Start-up costs	(L)	**(57)**	(55)
Profit on asset sales	(M)	**(19)**	(20)
Pension plans	(N)	**(104)**	(109)
Other post-retirement benefits	(O)	**(12)**	(15)
Mozal expansion rights debtor	(P)	**(39)**	(39)
Goodwill	(Q)	**6**	-
Employee Share Plan loans	(S)	**(62)**	(135)
Change in fair value of listed investments	(T)	**13**	10
Deferred taxation effect of fair value adjustment on acquisition of BHP Billiton Plc Group	(A)(viii)	**(1 506)**	(1 557)
Deferred taxation adjustments (including the deferred taxation effect of other adjustments)	(R)	**64**	153
Total adjustment		**5 052**	4 791
Shareholders' equity under US GAAP		**16 508**	17 147

(a) In addition to fair value adjustments on acquisition of the BHP Billiton Plc Group indicated, various adjustments to the net assets of the BHP Billiton Plc Group to reflect US GAAP were also reported. These adjustments have been disclosed in aggregate with similar items related to the BHP Billiton Limited Group.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following are the variations in the balance sheet as at 31 December 2002 and 30 June 2002 that would be required if US GAAP had been applied instead of UK GAAP.

The column headed 'Unadjusted' represents a US GAAP format presentation of the assets, liabilities and shareholders' equity which have been measured in accordance with UK GAAP. The column headed 'Adjustments' represents the allocation of those measurement differences (presented in the Reconciliation of Shareholders' Equity), which are required to derive a balance sheet in accordance with US GAAP. Certain items in the comparative period have been reclassified to conform to current period disclosures.

	Unadjusted	**Adjustments**	**US GAAP**	Unadjusted	Adjustments	US GAAP
	31 December 2002	**31 December 2002**	**31 December 2002**	30 June 2002	30 June 2002	30 June 2002
	US$M	**US$M**	**US$M**	US$M	US$M	US$M
Balance Sheet						
Assets						
Current Assets						
Cash	**874**	**-**	**874**	1 413	-	1 413
Receivables	**2 086**	**(40)**	**2 046**	2 131	(251)	1 880
Other financial assets	**107**	**-**	**107**	116	-	116
Inventories	**1 294**	**-**	**1 294**	1 160	-	1 160
Other assets	**163**	**-**	**163**	100	93	193
Total current assets – continuing operations	**4 524**	**(40)**	**4 484**	4 920	(158)	4 762
Total current assets – discontinued operations	**-**	**-**	**-**	748	-	748
Total current assets	**4 524**	**(40)**	**4 484**	5 668	(158)	5 510
Non-current Assets						
Receivables	**804**	**(60)**	**744**	882	(64)	818
Investments accounted for using the equity method	**1 538**	**1 020**	**2 558**	1 505	1 037	2 542
Other financial assets	**480**	**26**	**506**	489	10	499
Inventories	**51**	**-**	**51**	45	-	45
Property, plant and equipment	**18 298**	**2 459**	**20 757**	17 692	2 192	19 884
Intangible assets	**-**	**38**	**38**	-	39	39
Goodwill	**6**	**3 183**	**3 189**	9	3 180	3 189
Deferred tax assets	**434**	**36**	**470**	462	67	529
Other assets	**834**	**(97)**	**737**	796	(100)	696
Total non-current assets – continuing operations	**22 445**	**6 605**	**29 050**	21 880	6 361	28 241
Total non-current assets – discontinued operations	**-**	**-**	**-**	1 984	40	2 024
Total non-current assets	**22 445**	**6 605**	**29 050**	23 864	6 401	30 265
Total assets	**26 969**	**6 565**	**33 534**	29 532	6 243	35 775

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

	Unadjusted	**Adjustments**	**US GAAP**	Unadjusted	Adjustments	US GAAP
	31 December 2002	**31 December 2002**	**31 December 2002**	30 June 2002	30 June 2002	30 June 2002
	US$M	**US$M**	**US$M**	US$M	US$M	US$M
Balance Sheet continued						
Liabilities and shareholders' equity						
Current liabilities						
Payables	**2 032**	**21**	**2 053**	2 143	100	2 243
Interest bearing liabilities	**1 269**	**-**	**1 269**	1 884	(141)	1 743
Tax liabilities	**354**	**(20)**	**334**	498	-	498
Other provisions	**609**	**(4)**	**605**	1 009	(9)	1 000
Total current liabilities – continuing operations	**4 264**	**(3)**	**4 261**	5 534	(50)	5 484
Total current liabilities – discontinuing operations	**-**	**-**	**-**	448	-	448
Total current liabilities	**4 264**	**(3)**	**4 261**	5 982	(50)	5 932
Non-current liabilities						
Payables	**112**	**-**	**112**	121	16	137
Interest bearing liabilities	**6 668**	**(23)**	**6 645**	6 329	(33)	6 296
Tax liabilities	**1 365**	**1 498**	**2 863**	1 364	1 471	2 835
Other provisions	**2 802**	**33**	**2 835**	2 661	33	2 694
Total non-current liabilities – continuing operations	**10 947**	**1 508**	**12 455**	10 475	1 487	11 962
Total non-current liabilities – discontinuing operations	**-**	**-**	**-**	393	-	393
Total non-current liabilities	**10 947**	**1 508**	**12 455**	10 868	1 487	12 355
Total liabilities	**15 211**	**1 505**	**16 716**	16 850	1 437	18 287
Equity minority interests	**302**	**8**	**310**	326	15	341
Shareholders' equity						
BHP Billiton Limited – contributed equity	**1 759**	**(523)**	**1 236**	3 143	(609)	2 534
BHP Billiton Plc – called up share capital	**1 752**	**5 697**	**7 449**	1 752	5 697	7 449
Other equity items	**334**	**(105)**	**229**	471	(266)	205
Retained profits	**7 611**	**(17)**	**7 594**	6 990	(31)	6 959
Total shareholders' equity	**11 456**	**5 052**	**16 508**	12 356	4 791	17 147
Total liabilities and shareholders' equity	**26 969**	**6 565**	**33 534**	29 532	6 243	35 775

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The BHP Billiton Group Statement of Consolidated Cash Flows has been prepared in accordance with UK accounting standard FRS 1, the objectives and principles of which are similar to those set out in US accounting standard SFAS 95, Statement of Cash Flows. The principal differences between the standards relate to the classification of items within the cash flow statement as well as the definition of cash and cash equivalents.

The statement below shows the adjustments to be made to the UK GAAP cash flow statement to reclassify it to comply with US GAAP:

	Half year ended 31 December 2002 US$M	Half year ended 31 December 2001 US$M
Reconciliation of Cash Flows		
Net cash inflow/outflow from operating activities in accordance with UK GAAP	**1 899**	2 065
Reclassified to financing activities	**(64)**	(20)
Dividends received	**84**	62
Returns on investments and servicing of finance	**(164)**	(258)
Tax paid	**(540)**	(400)
Exploration and other capital expenditure	**(155)**	(202)
Net cash provided by operating activities in accordance with US GAAP	**1 060**	1 247
Capital expenditures	**(1 158)**	(937)
Acquisitions and disposals	**272**	43
Net (purchase)/sale of investments	**113**	31
Net cash used in investing activities in accordance with US GAAP	**(773)**	(863)
Proceeds from issuance of ordinary shares	**147**	12
(Decrease)/increase in interest bearing liabilities	**(218)**	(211)
Equity dividend paid	**(855)**	(815)
Other	**(11)**	15
Net cash provided by financing activities in accordance with US GAAP	**(937)**	(999)
Exchange translation effects	**25**	(9)
Net (decrease)/increase in cash and cash equivalents in accordance with US GAAP	**(625)**	(624)
Cash and cash equivalents at beginning of period	**1 499**	1 285
Cash and cash equivalents at end of period	**874**	661
At year end cash and cash equivalents is made up of:		
Cash at bank and in hand	**567**	445
Money market deposits*	**307**	216
Cash and cash equivalents at end of period	**874**	661

*Money market deposits with financial institutions have a maturity up to but not more than three months.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Basis of presentation under US GAAP

DLC merger

On 29 June 2001, BHP Billiton Plc (formerly Billiton Plc) consummated the Dual Listed Companies (DLC) merger with BHP Billiton Limited (formerly BHP Limited). In accounting for this transaction, the most significant difference between UK GAAP and US GAAP is that, under UK GAAP the DLC merger has been accounted for as a merger (pooling of interests) in accordance with UK Financial Reporting Standard 6: *Acquisitions and Mergers*, whereas under US GAAP the DLC merger is accounted for as a purchase business combination with the BHP Billiton Limited Group acquiring the BHP Billiton Plc Group. The BHP Billiton Limited Group has been identified as the acquirer because of the majority ownership interest of BHP Billiton Limited shareholders in the DLC structure. In a merger, the assets, liabilities and equity of the BHP Billiton Plc Group and of the BHP Billiton Limited Group are combined at their respective book values as determined under UK GAAP. The reconciliation of shareholders' equity includes the purchase adjustments required under US GAAP to recognise the BHP Billiton Plc Group assets and liabilities at their fair values, and to record goodwill.

Debtors

In accordance with UK GAAP, certain debtors are included on the balance sheet, which are considered to have been sold and are not included on the balance sheet under US GAAP. The value of debtors at 31 December 2002 which were the subject of such treatment was US$nil (30 June 2002: US$141 million).

Joint ventures and joint arrangements

Under US GAAP, all investments classified as joint ventures are accounted for under the equity method of accounting in accordance with APB 18. All joint arrangements are also proportionally accounted for in accordance with Emerging Issues Task Force Opinion ('EITF') 00-01 *Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures.*

The BHP Billiton Group's investment in the Richards Bay Minerals (RBM) joint venture is comprised of two legal entities, Tisand (Pty) Limited and Richards Bay Iron and Titanium (Pty) Limited. Although the BHP Billiton Group owns 51 per cent of Tisand (Pty) Limited, it has not been consolidated under US GAAP in accordance with EITF 96-16 *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*. The substantive participating rights of the minority interests holder in Tisand (Pty) Limited are embodied in the shareholder agreement between the BHP Billiton Group and Rio Tinto, the co-venturer. The shareholder agreement ensures that the RBM joint venture functions as a single economic entity. The overall profit of the RBM joint venture is also shared equally between the venturers. The shareholders agreement also states that the parties agree that they shall as their first priority seek the best interests of the project as an autonomous commercial operation rather than seek to service the individual interests of any of the other parties.

The BHP Billiton Group holds a 57.5 per cent ownership interest in Minera Escondida, a joint arrangement in which three other participants hold ownership interests of 30%, 10% and 2.5%, respectively. The rights of the participants are governed by a Participant's Agreement and a Management Agreement. A manager provides management and support services to the Project and the compensation of the manager is set forth in the Management Agreement. The Management Agreement establishes an Owner's Council, consisting of members appointed by each participant to represent their interest in Escondida. Each member on the Owner's Council holds voting rights equal to the ownership interest of the participant they represent, although certain matters require the affirmative vote of members of the Owner's Council having in aggregate voting rights equal to or greater than 75% of the total ownership interest. Such matters generally include capital expenditure in excess of prescribed limits, sales of copper concentrate to a single customer, capacity expansions, the termination of construction, mining or production of copper concentrates, and indebtedness. The Agreement also stipulates that certain matters shall require the affirmative vote of all members of the Owner's Council having an ownership interest of 10% or more. Those matters generally relate, within prescribed limits, to changes in the project, changes in the construction budget, the sale or transfer of any Escondida concessions, asset dispositions, agreements between the Escondida and a participant, share or other equity interest issuances in Escondida. In accordance with EITF 96-16, the BHP Billiton Group has not consolidated this investment.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Cash Flows

Under US GAAP, dividends from joint ventures and associates, cash flows from returns on investments and servicing of finance, and tax paid are included in operating activities. In addition, capital expenditure and acquisitions and disposals are included as investing activities. Proceeds from the issuance of shares, increases and decreases in debt, and dividends paid, are included as financing activities. Under UK GAAP, cash is defined as cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Under US GAAP, cash is defined as cash in hand and deposits but also includes cash equivalents, which are short term investments with original maturities of less than three months.

US GAAP adjustments

(A) Acquisition of BHP Billiton Plc

On 29 June 2001, BHP Billiton Limited and BHP Billiton Plc established a DLC merger. Under US GAAP, the DLC merger is accounted for as a purchase business combination of the BHP Billiton Plc Group by the BHP Billiton Limited Group.

The total assumed purchase consideration of US$11 529 million was calculated by multiplying the number of shares held by BHP Billiton Plc shareholders of 2 319 147 885 on 29 June 2001 by the US$4.9559 adjusted average share price of BHP Billiton Limited's ordinary shares. The average share price was calculated over a period of three days prior to, and subsequent to, the announcement of the DLC merger on 19 March 2001. The average share price is adjusted for the 1:1 equalisation ratio, which is achieved by BHP Billiton Limited's bonus share issue of 1 912 154 524 million shares in the ratio of 1.0651 additional bonus shares for every existing share held – prior to the bonus share adjustment the average share price would be US$10.2344 (i.e. by a factor of 2.0651). The 2 319 147 885 shares held by BHP Billiton Plc shareholders on 29 June 2001 reflect the exercise of rights under the Restricted Share Scheme and the Co-Investment Plan. As such, there were no outstanding stock options, stock appreciation rights or similar issuances of BHP Billiton Plc, and no purchase consideration is attributable to such securities. The cost of acquisition was therefore US$11 529 million, including direct external acquisition costs of US$36 million. The direct external acquisition costs have been expensed as incurred for UK GAAP purposes.

Under US GAAP purchase accounting, the cost of the acquisition is allocated to the fair values of identifiable assets acquired and liabilities assumed. As a result of the fair value exercise, increases in the values of the BHP Billiton Plc Group's inventory, investments, long-term contracts and long-term debt were recognised and fair market values attributed to their other tangible assets mainly property, plant and equipment and undeveloped properties, together with appropriate deferred taxation effects. The difference between the cost of acquisition and the fair value of the assets and liabilities of the BHP Billiton Plc Group has been recorded as goodwill. Fair value adjustments to the recorded amount of inventory and long-term contracts are expensed in the period the inventory is utilised and the long-term contracts are delivered into, and additional amortisation and depreciation are recorded in respect of the fair value adjustments of intangible and tangible assets and until 30 June 2002, the resulting goodwill over the periods of their respective useful economic lives. With effect from 1 July 2002, goodwill is no longer amortised and is tested for impairment on an annual basis (refer to Impact of New Accounting Standards below).

The adjustments to the assets and liabilities of the BHP Billiton Plc Group to reflect the fair values and allocation of the excess purchase consideration over the fair value of net assets acquired, based on management's best estimates of fair value, are summarised in the shareholders' equity reconciliation and are discussed below:

(i) The increase in fair value of inventory was determined based on the difference between the carrying value and the market value of these assets.

(ii) The increase in investments relates to increases to the BHP Billiton Plc Group's equity investments. These equity investments have been measured at fair value and any excess of the fair value over the underlying tangible assets and liabilities has been attributed to mineral reserves within the underlying investments. These uplifts to mineral properties are being amortised over their estimated useful lives on a unit of production and, on an investment-by-investment basis. The estimated useful lives are not expected to exceed 30 years.

(iii) The increase in property, plant and equipment relates to increases in the carrying value of the BHP Billiton Plc Group's property, plant and equipment to their estimated fair value. The increase in carrying value of the property, plant and equipment is to be amortised over the estimated useful life of the property, plant and equipment, primarily on a unit of production basis. The estimated useful lives range between one year and 33 years.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

During December 1998, the BHP Billiton Plc Group acquired certain assets from the BHP Billiton Limited Group. The BHP Billiton Plc Group recognised certain fair value adjustments as a result of this acquisition, which are being amortised over their useful lives. As a result of the application of merger accounting under UK GAAP, the fair value adjustments are reversed. For US GAAP these fair value adjustments are reinstated.

(iv) The amount of total consideration allocated to the BHP Billiton Plc Group's developed and undeveloped properties has been estimated by the BHP Billiton Group management using current estimates of the status and prospects of the BHP Billiton Plc Group's developed and undeveloped property portfolio as contained in the BHP Billiton Plc Group's strategic plans. The undeveloped properties include only those identified properties where management believes reasonable estimates of projected cash flows can be prepared and proven and probable reserves exist. The value allocated to the developed and undeveloped properties was determined utilising a risk adjusted income approach that included earnings discounted by the appropriate cost of capital for the investment. Estimates of future cash flows related to individual developed and undeveloped properties were based on existing estimates of revenues and contribution margin for the project. The increase in developed properties is being amortised over their estimated exploitable useful lives on a project-by-project basis. Amortisation for each project is deferred until such time as production commences.

(v) The long-term contracts were attributed a fair value.

(vi) Goodwill represents the remainder of unallocated purchase consideration. Amortisation of goodwill ceased on application of FAS 142 "*Goodwill and Other Intangible Assets*" and is now subject to periodic impairment tests.

(vii) The decrease in long-term debt was as a result of attributing a fair value to fixed interest rate long-term loans which were not recorded at fair value in the BHP Billiton Plc Group's financial statements.

(viii) Deferred taxes have been computed on the excess of fair value over book value, other than for goodwill, using the applicable statutory tax rates.

Preliminary fair value assessments of the assets and liabilities of the BHP Billiton Plc Group were 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. Minor revisions to the provisional fair values were undertaken in the year ended 30 June 2002. Prior period fair value adjustments have not been restated for the revisions.

(B) BHP Steel demerger

Under UK GAAP, the BHP Steel demerger was recorded as two components in the half year ended 31 December 2002 – a distribution to BHP Billiton Limited shareholders of 94 per cent of BHP Steel shares (accounted for as a capital reduction) and a sale of 6 per cent of BHP Steel shares (accounted for as a sale of assets).

Under US GAAP, the BHP Steel demerger is classified as a non pro-rata distribution to shareholders and is required to be accounted for as a 100 per cent sale of assets. The implied consideration for the sale of the additional 94 per cent of BHP Steel shares is based on the market price of BHP Steel shares used in determining the bonus issue of BHP Billiton Plc shares to BHP Billiton Plc shareholders. The remaining 6 per cent is measured at the respective sale price. The implied consideration, when compared to the book value of the BHP Steel net assets to be demerged, indicates a shortfall, which was recognised in the result for the period ended 30 June 2002 for US GAAP. The calculation of the book value of the BHP Steel net assets to be demerged includes US GAAP net asset adjustments attributable to BHP Steel. Costs associated with completion of the demerger of BHP Steel Limited have been recognised directly in equity for UK GAAP but have been charged as expenses for US GAAP in the year ended 30 June 2002.

The adjustment to net income for the period ended 31 December 2002 primarily represents the loss on sale of the 6 per cent holding included in the period ended 31 December 2002 for UK GAAP, which was recorded in net income in the year ended 30 June 2002 for US GAAP purposes.

(C) Employee compensation costs

In these accounts, the expected cost of awards under various employee ownership plans is charged to the profit and loss account over the vesting period. Under US GAAP, compensation expense arising from variable equity award plans is recognised based on movements in their intrinsic value.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(D) Write downs

The BHP Billiton Group determines the recoverable amount of fixed assets on a discounted basis when assessing impairments. The discount rate is a risk adjusted market rate, which is applied both to determine impairment and to calculate the write-down. Under US GAAP, where an asset is reviewed for impairment, an impairment test is required utilising undiscounted cash flows. If the asset's carrying value exceeds the sum of undiscounted future cash flows, the asset is considered impaired and it is written down to its fair value (based on discounted cashflows). These differences create adjustments to the profit and loss account 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 account.

(E) Depreciation - revaluations

Revaluations of property, plant and equipment and investments have resulted in 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 depreciation charge has been restated to reflect historical cost depreciation.

(F) Depreciation - reserves

The BHP Billiton Group prepares mineral reserve statements based on the Australasian Code for reporting of Mineral Resources and Ore Reserves, September 1999 (the JORC Code). The information contained in these statements differs in certain respects from that reported to the US Securities and Exchange Commission (SEC) which is prepared with reference to the SEC's Industry Guide 7. This adjustment reflects the impact on depreciation of the difference.

(G) Restructuring and employee provisions

These accounts include provisions for redundancies associated with organisational restructuring that 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.

(H) Fair value accounting for derivatives

Under UK GAAP, 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 a transaction will be included in the profit and loss account 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 profit and loss account 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 or opportunistic financial transactions, all gains and losses are included in the profit and loss account at the end of each reporting period. The premiums paid on strategic financial transactions are included in the profit and loss account at the inception of the contract.

For the purpose of deriving US GAAP information, Statement of Financial Accounting Standards No. 133: *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133) requires that each derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. On initial application of this Standard the BHP Billiton Limited Group recognised an accumulated loss of US$268 million in respect of the fair value of derivative instruments held on 1 July 2000, which qualified as cash flow hedge transactions. This amount was reported as a component of other comprehensive income. An accumulated gain of US$11 million was recognised in respect of the fair value of derivative instruments which qualified as fair value hedge transactions, offset by a corresponding loss on their associated hedged liabilities held at 1 July 2000.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

In the year ended 30 June 2001, subsequent gains and losses on cash flow hedges were taken to other comprehensive income and reclassified to profit and loss in the same period the hedged transaction was 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 UK GAAP until the hedged transaction is recognised.

Effective 1 July 2001, for US GAAP purposes, the BHP Billiton Limited Group de-designated existing derivative instruments as hedges of underlying transactions. Amounts previously included in other comprehensive income in relation to those derivative instruments previously designated as cash flow hedges will remain until the transactions originally being hedged are recognised, at which time the amounts will be taken to the profit and loss account. Movements in the fair value of derivative instruments since 30 June 2001 are taken to the profit and loss account.

The BHP Billiton Plc Group does not apply hedging principles in accordance with SFAS 133 and marks to market all derivative instruments, taking movements in the fair value of derivative instruments to the profit and loss account.

(I) Synthetic debt

An operating subsidiary, whose functional currency is the US dollar, has obtained financing in various foreign currencies. The operating subsidiary entered into forward exchange contracts to fix the exchange rate between the rand and the various foreign currencies. In these accounts, the arrangement is treated as a synthetic rand debt, which at each period end is retranslated into US dollars at the spot rate with the exchange gain or loss that is recognised being included in the profit and loss account.

Under US GAAP, synthetic debt accounting is not permitted. As a result, the foreign currency loan amounts and forward exchange contracts are accounted for separately. Foreign currency loans are initially recorded at the exchange rate in effect on the date of the borrowing, with gains and losses arising from currency movements taken to the profit and loss account. The forward exchange contracts are marked to market annually with the resulting gain or loss also taken to the profit and loss account.

(J) Realised net exchange gains on sale of assets/closure of operations

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

(K) Exploration, evaluation and development expenditures

The BHP Billiton Group follows the 'successful efforts' method under UK GAAP 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 by the BHP Billiton Group is amortised in subsequent years. In respect of Minerals properties, the BHP Billiton Group capitalises exploration and evaluation expenditure where it is expected that the expenditure will be recouped by future exploitation or sale or where a mineral resource has been identified but activities have not reached a stage, which permits a reasonable assessment of the existence of commercially recoverable reserves. Under US GAAP, a final feasibility study indicating the existence of commercially recoverable reserves at new exploratory "greenfield" properties serves as the trigger point for capitalisation. US GAAP permits expenditure to be capitalised for the purposes of extending or further delineating existing reserves. In subsequent financial periods, amortisation of expenditure previously capitalised under UK GAAP, which would have been expensed for US GAAP purposes will be added back when determining the profit result according to US GAAP.

(L) Start-up costs

The BHP Billiton 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.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

(M) 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.

(N) Pension plans

Under UK GAAP, the net periodic pension cost assessed on an actuarial basis is charged to profit and loss so as to allocate the costs systematically over the employees' service lives. Under UK GAAP, this policy has been adopted for all periods presented.

Consequently, the BHP Billiton Group recognises periodic pension cost based on actuarial advice in a manner generally consistent with 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. In addition, any associated foreign exchange gains or losses are required to be eliminated from net income.

(O) Other post-retirement benefits

In these accounts, post-retirement benefits other than pensions have been accounted for in accordance with the provisions of SSAP 24, which are generally consistent with the provisions of SFAS 106 for the purposes of US GAAP except for certain scenarios such as in accounting for plan amendments.

Under UK GAAP, amendments to post-retirement benefits provided are taken into account from the date upon which plan amendments are announced. Under US GAAP, plan amendments are only taken into account from the date upon which the plan amendments become effective.

(P) Mozal expansion rights

In June 2001, BHP Billiton announced an agreement to sell-down a portion of its preferential rights in the Mozal Phase II project to two of its project partners. In the year ended 30 June 2001, the consideration was recognised as revenue. A portion of the consideration will be paid in cash and another portion will be delivered to BHP Billiton via a marketing arrangement once production has commenced. This deferred portion will be amortised to the profit and loss account over the period of the sales contract. Under US GAAP, the consideration paid in cash will be recognised as profit from asset sales when received and the deferred consideration portion is considered a derivative and has been recognised on the balance sheet and marked to market with movements in fair value being taken to the profit and loss account. The deferred portion is included in the adjustment "Fair value accounting for derivatives".

(Q) Goodwill

Under UK GAAP, the BHP Billiton Group amortises goodwill over a period not exceeding 20 years. Under US GAAP, Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" (SFAS 142), which became effective from 1 July 2002, replaces the requirement to amortise goodwill with annual impairment testing. The current period adjustment reflects the goodwill amortisation charge under UK GAAP, which is reversed for US GAAP. This adjustment includes US$3 million amortisation of goodwill in joint ventures accounted for using the equity method under UK GAAP.

(R) Taxation adjustments

UK GAAP requires tax liabilities and assets to be measured at the amounts expected to apply using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. US GAAP requires the measurement of tax liabilities and assets using tax rates based on enacted tax law. The effect of a change in the UK corporate tax rate for petroleum companies was recognised in June 2002 for UK GAAP on the basis that the legislation was substantively enacted. This tax rate change was not recognised for US GAAP purposes until the legislation was enacted. The positive reconciling item of US$61 million reported in the item 'taxation adjustments' in the year ended 30 June 2002 was reversed during the half year ended 31 December 2002 when the tax rate change was enacted.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

For UK GAAP, potential tax expense of US$3 million has not been recognised in the half year ended 31 December 2002, mainly relating to the tax impact of unrealised foreign exchange gains or losses on US dollar net debt held by subsidiaries which retain local currency records for tax purposes. For US GAAP, a tax expense is recognised reflecting the existence of the foreign exchange gains or losses in the accounts of the respective entity. This adjustment is reported in the item 'taxation adjustments'. The cumulative effect of this adjustment at 31 December 2002 is a credit to tax liabilities of US$50 million.

(S) 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 shareholders' equity. In addition, any foreign exchange gains or losses on the outstanding loan balances are required to be eliminated from net income.

(T) Investments

Under UK GAAP certain investments in marketable securities are classified as exploration assets and are carried at estimated recoverable amount. Under US GAAP, such investments are classified as available for sale and are marked to market with changes in value recognised as a component of comprehensive income.

(U) Secondary Share Issuance

During September 2000, BHP Billiton Plc undertook a secondary issuance of shares on the London Stock Exchange. The shares were issued in pounds sterling, however to fix the proceeds received on the share issuance in US dollars, BHP Billiton Plc utilised a number of hedging instruments to lock in the exchange rate between pounds sterling and US dollars. This hedging activity gave rise to a loss being realised due to movement in the pound sterling against the US dollar. BHP Billiton Plc reported this loss as an offset against the share proceeds, which was then credited to share capital.

Under US GAAP, the loss would not qualify as a hedged item under SFAS 133. As such, the loss is recognised in the profit and loss in the period the loss was realised. This is reflected as an adjustment from called up capital to retained profits.

(V) Expenses on spin-off of OneSteel Limited

During the year ended 30 June 2001, the costs associated with completion of the spin-off of OneSteel Limited were recognised directly in equity for UK GAAP but were charged as expenses for US GAAP. This is reflected as an adjustment from contributed equity to retained profits.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

CONTINGENT LIABILITIES

	As at 31 December 2002 US$M (a)
Contingent liabilities at balance date, not otherwise provided for in these accounts, are categorised as arising from:	
Joint ventures and associates – guarantees of borrowings (unsecured)	
Bank Guarantees	**440**
	440
Other (unsecured, including guarantees)	
Bank Guarantees (a)	**57**
Performance Guarantees (b)	**115**
Letter of Credit	**13**
Other (b)	**243**
	428
Total contingent liabilities	**868**

(a) The BHP Billiton Group has entered into various counter indemnities of bank and performance guarantees related to its own future performance in the normal course of business.

(b) Other contingent liabilities relate predominantly to actual or potential litigation of the Group for which amounts are reasonably estimable but the liability is not probable and therefore the Group has not provided for such amounts in these accounts. The amounts relate to a number of actions against the Group, none of which are individually significant. Additionally, there are a number of legal claims or potential claims against the Group, the outcome of which cannot be foreseen at present, and for which no amounts have been included in the table above. Details of the principal legal claims are set out below. Other contingent liabilities also include US$70 million for site restoration and rehabilitation that the BHP Billiton Group believes is reasonably possible that it may have to undertake (see below).

Significant Guarantees

The following outlines the details of significant guarantees held by the company at 31 December 2002 and included in the table above.

Name	Approximate term of the guarantee and maximum exposure	Details on how the guarantee arose	Events or circumstances that require BHP Billiton to perform under the terms of the guarantee
Bank Guarantees of Joint Ventures and Associates			
Antamina SA Senior Debt	Following the satisfaction of several pre-agreed completion tests expected to occur between 2002 and June 2003, the guarantee will terminate. The Group currently includes US$429 million as guarantees of borrowings of joint ventures and associates relating to its 33.75% share of Antamina SA's senior debt. The guarantee will increase to a maximum of US$445 million as Antamina draws fully on its senior debt facility	Rio Algom, a wholly owned subsidiary of the BHP Billiton Group, provided a several pre-completion guarantee of its share of Antamina SA's project financing senior debt.	Failure to meet all requirements for the issuance of the completion certificates will result in the financing having recourse to the guarantee issued by the Rio Algom. To date no completion certificates have been issued. Completion of all certificates is scheduled for the 2nd half of fiscal 2003.

presented in US dollars and prepared in accordance with UK GAAP

Notes to Unaudited Condensed Interim Financial Information

Other – Bank Guarantees			
Workcover Bank Guarantees	The term of these guarantees are ongoing as they cover all current and long tail liability claims associated with former Steel businesses and continuing BHP Billiton businesses. Included within the Group's contingent liabilities are US$57 million in bank guarantees that are indemnified in full by BHP Steel.	These guarantees predominantly relate to guarantees in favour of Workcover authorities in various States throughout Australia. Each State's Workcover authority requires that a self-insurer put in place guarantees equivalent to the actuarially assessed potential liability	Failure to meet the financial obligations required under each State's relevant Workcover Act. BHP Steel has indemnified the BHP Billiton Group for any liabilities or loss arising out of or in connection with such guarantees. Due to the indemnification provided by BHP Steel the Group considers the risk of transfer of economic benefit to be remote and has therefore included them in note (a) of the table above
Other – Performance guarantees			
Mozal SARL guarantees	Following the satisfaction of several pre-agreed completion tests expected to occur between December 2003 and May 2004, the guarantees will terminate. The project is progressing on schedule with full production estimated to occur by December 2003. The estimated maximum exposure for this guarantee is US$43 million based on the incremental obligation between the Group's ownership interest and the guaranteed amount.	The guarantee arose as part of the funding arrangements for Mozal I. The expiry of the guarantee was extended as a result of the Mozal II expansion project.	The Group has an obligation to provide funding to Mozal SARL for any deficiencies arising for the following three reasons: • 50% of any cash shortfalls to meet the financial obligations of Mozal SARL; • 49% of any financing shortfalls where funds have not been provided under the financial plan for the Mozal II expansion; and • 49% of any cost overruns in excess of the projected cost set out in the financial plan for the Mozal II expansion.
Charter guarantees of ocean going transportation vessels	The guarantees extend over a charter period of fifteen years. The maximum exposures under these guarantees is US$49 million but reduces over time as the time charter obligations are met.	The Group has guaranteed the time charter obligations for ocean going transportation vessels entered into by parties related to the Group.	These guarantees would be called should the related party fail to honour their obligations under the time charter arrangements.

Current Litigation

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.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

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. BHP Billiton and OTML deny that there has been any recommendations regarding a tailings option by an independent inquiry conducted by the State. OTML and BHP Billiton Limited also assert that there has been no breach of the Settlement Agreement and are defending the claims.

BHP Billiton Limited transferred its entire shareholding in OTML to PNG Sustainable Development Program Limited (‘Program Company’) in February 2002, completing BHP Billiton Limited’s withdrawal from the Ok Tedi copper mine. The Program Company will operate for the benefit of the Papua New Guinean people.

Legal arrangements for the withdrawal encompass a series of legal releases, indemnities and warranties that safeguard BHP Billiton’s interests following its exit from OTML.

The Victorian Supreme Court litigation continues, with numerous preliminary steps and preliminary hearings having occurred. Currently, pleadings are being amended and further discovery of documents is occurring. No date has been fixed for a trial.

No amounts have been included in contingent liabilities in respect of this item of litigation.

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, following hearing of the claim against Esso the State Entities may join BHP Billiton Petroleum (Bass Strait) Pty Ltd (‘BHPBP’) as a further cross respondent, with the effect that if any sums are recovered against the State Entities they will seek contribution from BHPBP.

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

In turn, BHPBP may have rights against Esso as operator in relation to losses and costs BHPBP has incurred in relation to the incident, including under the cross claim by the State Entities.

On 20 February 2003 the Victorian Supreme Court found that Esso is not liable for economic loss. The court further found that Esso is liable to business users for property damage and any economic loss consequential upon property damage. The quantum of these losses is unknown and the court will need to approve a process for quantifying these losses.

Over the next few months the court will consider questions of appeal, and whether claims against the State and BHPBP should proceed.

No amounts have been included in contingent liabilities in respect of this item of litigation.

Reclamation and Remediation Obligations

The BHP Billiton Group’s activities are subject to various national, regional, and local laws and regulations governing the protection of the environment. Furthermore, the BHP Billiton Group has a policy of ensuring that reclamation is planned and financed from the early stages of any operation. Provision is made for the reclamation of the BHP Billiton Group’s mining and processing facilities along with the decommissioning of offshore oil platforms and infrastructure associated with petroleum activities. At 31 December 2002, US$1,344 million (30 June 2002: US$1,276 million) was accrued for reclamation and decommissioning costs relating to current operations in the provision for site rehabilitation. Although the BHP Billiton Group’s provisions have been accrued for currently, reclamation and decommissioning expenditures generally are expected to be paid over the next 30 years. As stated in the BHP Billiton Group’s accounting policy, the BHP Billiton Group’s provisions for reclamation and decommissioning are discounted to its net present value.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

In addition, the BHP Billiton Group has certain obligations associated with maintaining several closed sites including remediation activities. At 31 December 2002, US$354 million (30 June 2002: US$337 million) and US$nil (30 June 2002: US$47 million) was provided for closed properties and remediation activities in the provisions for site rehabilitation and restructuring, respectively. Certain of the remediation activities are subject to legal dispute and depending on the ultimate resolution of these matters the final liability for these matters could vary. The amounts accrued for these matters are reviewed periodically based upon the facts and circumstances available at the time and the accruals are updated accordingly. The BHP Billiton Group believes that it is reasonably possible that the liability for these matters could be as much as 20 per cent greater (US$70 million) than the total amount of US$354 million accrued at 31 December 2002. The US$70 million has been included in the contingent liabilities itemised above. Details of the more significant remediation sites are discussed below.

Pinal Creek, Arizona, US

BHP Copper Inc ('BHP Copper') is involved in litigation concerning groundwater contamination resulting from historic mining operations near the Pinal Creek/Miami Wash area located in the State of Arizona.

On 2 April 1994, Roy Wilkes and Diane Dunn initiated a toxic tort class action lawsuit in the Federal District Court for the District of Arizona. The monitoring program set forth in the court approved settlement reached in 2000 between the parties has now concluded without generating additional exposure.

A State consent decree ('the Decree') was approved by the Federal District Court for the District of Arizona in August 1998. The Decree authorises and requires groundwater remediation and facility-specific source control activities, and the members of the Pinal Creek Group (which consists of BHP Copper, Phelps Dodge Miami Inc and Inspiration Consolidated Copper Co) are jointly liable for performing the non-facility specific source control activities. Such activities are currently ongoing. As of 31 December 2002 the Company has provided US$57 million (30 June 2002: US$31 million) for its anticipated share of the planned remediation work, which represents the maximum likely share of the total estimated remaining remediation costs to be attributed to the company.

BHP Copper and the other members of the Pinal Creek Group filed a contribution action in November 1991 in the Federal District Court for the District of Arizona against former owners and operators of the properties alleged to have caused the contamination. The claim is for an undetermined amount but under current state and federal laws applicable to the case, BHP Copper should recover a significant percentage of the total remediation costs from the Defendants, based upon their operations' proportionate contributions to the total contamination in the Pinal Creek drainage basin. Such action seeks recovery from these historical owners and operators for remediation and source control costs. BHP Copper's predecessors in interest have asserted a counterclaim in this action seeking indemnity from BHP Copper based upon their interpretation of the historical transaction documents relating to the succession in interest of the parties. BHP Copper has also filed suit against a number of insurance carriers seeking to recover under various insurance policies for remediation, response, source control, and other costs noted above incurred by BHP Copper. The reasonable assessment of recovery in the various insurances cases has a range from US$7 million to about US$20 million, depending on many factors. Neither insurance recoveries nor other claims or offsets have been recognised in the financial statements and will not be recognised until such offsets are considered probable of realisation.

Hawaii, US

In May 1998, Petroleum divested its businesses in Hawaii. The BHP Billiton Limited Group indemnified the buyers for certain past liabilities and has capped this indemnification at less than US$10 million, some of which has now been spent. Following the divestment, the BHP Billiton Limited Group has retained some environmental liabilities for which it has indemnified the buyer and which are uncapped, as described below.

The BHP Billiton Limited Group operated a petroleum terminal, now decommissioned, at a site that is within an area that has since been declared a Hawaii State Superfund site. The BHP Billiton Limited Group is currently participating in a voluntary effort with a number of other parties to undertake site assessment, to be followed by a risk assessment, and ultimately risk-based correction actions. Site assessment is expected to be completed in 2003 and risk assessment in 2004. Some corrective action is taking place while the assessments are progressing.

Also within the Superfund area is the site of a previous manufactured gas plant. Litigation over a claim brought by a neighbour, Castle & Cooke, asserting that contamination on its property arose from the BHP Billiton Limited controlled site was settled in December 2000. Petroleum has engaged a contractor to remediate the former gas plant site to the satisfaction of the Hawaii Department of Health and to meet conditions of the Settlement Agreement. Remediation activities have commenced and are ongoing.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The State of Hawaii has previously requested information from the BHP Billiton Limited Group with respect to contaminated material unearthed in the vicinity of another former manufactured gas plant site, in Hilo.

In respect of these three sites, Petroleum's liabilities including remediation costs and amounts paid to settle litigation, though uncapped, are currently assessed and accrued at US$12 million.

Newcastle, Australia

On 28 June 2002, the Company and the New South Wales (NSW) Government executed contracts for the transfer of four properties in the Newcastle area from the Company to the NSW Government. The properties covered by the land transfer are the 150-hectare former Newcastle Main Steelworks site, 230 hectares at Kooragang Island, 500 hectares at Belmont Sands and 1500 hectares at West Wallsend.

Pursuant to the terms of the contracts the NSW Government agreed to pay the Company US$19 million (net of GST) for the Main Steelworks site. The other properties are to be transferred to the NSW Government at no cost. The Company will pay the NSW Government the sum of US$68 million (net of GST) for environmental remediation and monitoring of the former Main Steelworks site and Kooragang Island, industrial heritage interpretation and rail infrastructure relocation on the former Main Steelworks site.

The transfer of the four properties was conditional, amongst other things, on an indemnity from the NSW Government against responsibility for the remediation of contamination on the Main Steelworks site and Kooragang Island and contamination, which migrates to or is transported off these sites after the date of completion. The Company will retain responsibility for any pre-completion environmental liabilities associated with Belmont Sands and West Wallsend and for pre-existing off-site contamination from the former Main Steelworks site and Kooragang Island.

The Company continues to be responsible for demolition at the Main Steelworks site at an estimated cost of approximately US$7 million at 31 December 2002 (30 June 2002: US$11 million).

The payments to the Government associated with the land transfers and the cost of demolition has been accounted for as part of the Newcastle Steelworks closure.

The transfers of the four properties referred to above were completed on 31 July 2002 and the indemnity referred to above is now in place. The Company has also taken out pollution liability insurance to cover certain risks associated with pre-completion environmental liabilities referred to above.

Additionally the Company retains responsibility for certain sediment in the Hunter River adjacent to the former Main Steelworks site. A remediation options study has been completed.

The estimated total future costs provided at 31 December 2002 were approximately US$31 million (30 June 2002: US$75 million).

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

Ok Tedi, Papua New Guinea

The BHP Billiton Group completed its withdrawal from the Ok Tedi copper mine in Papua New Guinea in February 2002 with the transfer of its 52 per cent equity stake to PNG Sustainable Development Program Limited (Program Company), a development fund that will operate for the benefit of the Papua New Guinean people.

The Program Company will operate independently and will utilise future dividend payments arising from the BHP Billiton Group's transferred shareholding in Ok Tedi Mining Limited (OTML) to fund current and long-term sustainable development projects in Papua New Guinea, particularly the Western Province.

Following the transfer of BHP Billiton's shareholding, the equity participants in OTML are: PNG Sustainable Development Program Limited (52 per cent); the State of Papua New Guinea (30 per cent) and Inmet Mining Corporation (18 per cent). OTML will continue to operate the mine on behalf of the shareholders.

Additionally the withdrawal agreement requires cash provisioning by OTML for mine closure and provides a scheme for retention of a responsible and skilled mine management team including transfer of existing BHP Billiton Group Ok Tedi staff to OTML.

The BHP Billiton Group will also provide financial support to the Program Company by way of a fully repayable, interest free funding facility of US$100 million for a period of three years (until it has built up its own fund) with repayment arrangements if these are used. As any allocations from the funding facility are fully repayable, BHP Billiton's assessment is that these arrangements do not require provisioning in the BHP Billiton Group's accounts.

The financial support provided by the BHP Billiton Group will ensure the Program Company has immediate access to finance for environmental remediation or other capital requirements, in accordance with its shareholder obligations, prior to the accumulation of sufficient funds in the Program Company from future dividend flows.

Following the equity transfer, the BHP Billiton Group will no longer benefit financially from the Ok Tedi mine operations and, as a result, the BHP Billiton Group negotiated the agreement for its withdrawal to provide protection from any future liabilities including legal claims. The legal arrangements encompass a series of legal releases, indemnities and warranties that safeguard the BHP Billiton Group's interests following its formal exit from the project.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

IMPACT OF NEW ACCOUNTING STANDARDS

The BHP Billiton Group has adopted Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" (SFAS 142) effective 1 July 2002. In accordance with SFAS 142, the BHP Billiton Group ceased to amortise goodwill and instead adopted a policy whereby goodwill is tested for impairment on an annual basis by each reporting unit, or on a more regular basis should circumstances dictate. The Group completed its initial review of goodwill impairment as at 1 July 2002, in accordance with the transitional rules of SFAS 142, and determined at that date that there was no impairment of goodwill indicated. Notwithstanding this, the Group expects that the allocation of goodwill to reporting units that are fundamentally based on depleting reserves of minerals and finite lived assets will lead to regular computed impairments of goodwill. Such impairments will result in charges to income. The Group, in accordance with the provisions of SFAS 142, will be conducting annual impairment reviews. These are scheduled for completion in the fourth quarter of the year.

As required by SFAS 142, the balance of goodwill resulting from the initial application of SFAS 142 by Customer Sector Group is:

	Balance as of 1 July 2002 US$M	**Balance as of 31 December 2002 US$M**
Aluminium	1 426	**1 426**
Base Metals	597	**597**
Carbon Steel Materials	285	**285**
Diamonds and Specialty Products	154	**154**
Energy Coal	384	**384**
Stainless Steel Materials	343	**343**
	3 189	**3 189**

The following table summarises the effects of SFAS 142 on net income had it been applied retroactively to 2002:

	For the year ended 30 June 2002 US$M	For the half year ended 31 December 2001 US$M
Net income of the BHP Billiton Group for the purposes of US GAAP	1 249	982
Add back: Goodwill Amortisation	133	66
Adjusted net income of the BHP Billiton Group for the purposes of US GAAP	1 382	1 048
Earnings per share – US GAAP (a) (b) (US cents)		
Basic – as reported	0.21	0.16
– goodwill amortisation (c)	0.02	0.01
– adjusted	0.23	0.17
Diluted – as reported	0.21	0.16
– goodwill amortisation (c)	0.02	0.01
– adjusted	0.23	0.17

(a) Based on the weighted average number of shares on issue for the period.
(b) For the period indicated, each American Depository Share (ADS) represents two ordinary shares. Therefore the earnings per ADS under US GAAP is a multiple of two from the above earnings per share disclosure.
(c) All goodwill amortisation is attributable to continuing operations.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

The following table summarises other intangible assets of the BHP Billiton Group at as 31 December 2002 and 30 June 2002.

Other Intangible Assets	**As at 31 December 2002 US$M**	As at 30 June 2002 US$M
Long term customer contracts at gross book value	**40**	40
deduct amounts amortised (a) (b)	**2**	1
	38	39

(a) Gross amortisation expense for other intangible assets for the half year ended 31 December 2002 was US$0.65 million.
(b) Estimated gross amortisation expense for other intangible assets for the next five financial years is US$1.3 million per annum.

In August 2001, the FASB also issued Statement of Financial Accounting Standards No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets” (SFAS 144). While SFAS 144 supersedes SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, it retains many of the fundamental provisions of that statement. SFAS 144 also supersedes the accounting and reporting provisions of APB 30, Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. However, it retains the requirement in APB 30 to report separately discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. The adoption of SFAS 144 on 1 July 2002 did not have a material impact on the operating results or financial position of the BHP Billiton Group.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146 “Accounting for Costs Associated with Exit or Disposal Activities” (SFAS 146). It is effective for exit or disposal activities initiated after 31 December 2002. SFAS 146 requires that costs associated with exit or disposal activities be recognised at fair value when they meet the definition of a liability rather than at the date of a commitment to an exit or disposal plan. The BHP Billiton Group has not adopted this standard early and has not evaluated the potential impact of any of this new standard on its future financial performance, financial position or financial statement disclosure.

In December 2002, the FASB issued SFAS No. 148 “Accounting for Stock-Based Compensation, Transition and Disclosure, an amendment of FAS 123” (SFAS 148). SFAS 148 amends Statement of Financial Accounting Standards No. 123 “Accounting for Stock-based Compensation” (SFAS 123), to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS 148 amends APB Opinion No. 28 “Interim Financial Reporting”, to require disclosure about those effects in interim financial information. SFAS 148 is effective for financial statements for fiscal years ending and for interim periods beginning after 15 December 2002.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements are effective for financial statements of interim or annual periods ending after 15 December 2002 and are included in this note. The initial recognition and measurement provisions of FIN 45 apply to guarantees issued or modified after 31 December 2002. The Group does not expect any material impact of FIN 45 on its financial performance or position upon adoption.

Notes to Unaudited Condensed Interim Financial Information

NOTE 10. US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DISCLOSURES continued

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). The objective of FIN 46 is to improve financial reporting by companies involved with variable interest entities. A variable interest entity is a corporation, partnership, trust or any other legal structure used to conduct activities or hold assets in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (b) the equity investors lack (i) the ability to make decisions about the entity's activities, (ii) the obligation to absorb the losses of the entity if they occur, and (iii) the right to receive the expected residual returns of the entity if they occur. Historically, entities generally were not consolidated unless the entity was controlled through voting interests. FIN 46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A company that consolidates a variable interest entity is called the "primary beneficiary" of that entity. FIN 46 also requires disclosures about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. The requirements of FIN 46 apply immediately to variable interest entities created after 31 January 2003 and to variable interest entities in which an enterprise obtains an interest after that date. The requirements of FIN 46 apply in the first fiscal year or interim period beginning after 15 June 2003 to entities in which an enterprise holds a variable interest that it acquired after 1 February 2003. The Group does not expect the adoption of FIN 46 to have a material effect on its financial position or results of operations.

BHP Billiton Plc Group

Annual Financial Statements

28 June 2001

Independent Auditors' Report

We have audited the consolidated profit and loss accounts, statements of total recognised gains and losses, statements of cash flow and reconciliations of movements in shareholders' funds for the period 1 July 2000 to 28 June 2001 and each of the years in the two-year period ended 30 June 2000 of BHP Billiton Plc and subsidiaries ("the BHP Billiton Plc Group"). These consolidated financial statements are the responsibility of the board of directors of BHP Billiton Plc. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United Kingdom and the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated profit and loss accounts, statements of total recognised gains and losses, statements of cash flow and reconciliations of movements in shareholders' funds referred to above present fairly, in all material respects, the results of operations and cash flows of the BHP Billiton Plc Group for the period 1 July 2000 to 28 June 2001 and each of the years in the two-year period ended 30 June 2000, in conformity with applicable generally accepted accounting principles in the United Kingdom.

As explained in the accounting policies, these consolidated financial statements have been drawn up for the purpose of showing the results of operations and cash flows of the BHP Billiton Plc Group without giving effect to the merger with the BHP Billiton Limited Group which was completed on 29 June 2001. Accordingly, these financial statements do not include the results of operations or cash flows of BHP Billiton Limited and its subsidiaries.

As discussed in the note to the financial statements on accounting policies, the Company changed its method of accounting for income taxes in 2001.

Generally accepted accounting principles in the United Kingdom vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected the BHP Billiton Plc Group results of operations for the period 1 July 2000 to 28 June 2001 and each of the years in the two-year period ended 30 June 2000 to the extent summarised in Note 24 to the consolidated financial statements referred to above.

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers

London

3 September 2001

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Notes to the financial statements

Consolidated Profit and Loss Account
For the period 1 July 2000 to 28 June 2001

	Note	**2001 excluding exceptional items US$m**	**2001 exceptional items (Note 2) US$m**	**2001 including exceptional items US$m**	2000 restated US$m	1999 restated US$m
Turnover including share of joint ventures' and associates' turnover:						
Group production	3	**5,363**	**–**	**5,363**	4,766	4,320
Trading and metals distribution		**1,970**	**–**	**1,970**	784	854
	3,4	**7,333**	**–**	**7,333**	5,550	5,174
Less: share of joint ventures' and associates' turnover included above	3,4	**(673)**	**–**	**(673)**	(559)	(552)
Group turnover	3,4	**6,660**	**–**	**6,660**	4,991	4,622
Turnover from Group production (excluding joint ventures and associates)	3	**4,749**	**–**	**4,749**	4,241	3,834
Continuing operations		**4,573**	**–**	**4,573**	4,241	3,734
Acquisitions	3	**176**	**–**	**176**	–	100
Related operating costs	5	**(3,864)**	**35**	**(3,829)**	(3,578)	(3,352)
Operating profit from Group production	3	**885**	**35**	**920**	663	482
Operating profit from trading and metals distribution		**44**	**–**	**44**	18	5
Group operating profit	3,4	**929**	**35**	**964**	681	487
Share of operating profit of joint ventures and associates	3,4	**191**	**(114)**	**77**	162	158
Operating profit including share of profits of joint ventures and associates	3,4	**1,120**	**(79)**	**1,041**	843	645
Continuing operations		**1,032**	**(79)**	**953**	843	634
Acquisitions	3	**88**	**–**	**88**	–	11
Merger transaction costs		**–**	**(55)**	**(55)**	–	–
Income from other fixed asset investments		**18**	**–**	**18**	8	12
Net interest and similar items payable						
– Group	6	**(117)**	**-**	**(117)**	(11)	(62)
– Joint ventures and associates	6	**(4)**	**–**	**(4)**	(10)	(22)
Profit on ordinary activities before taxation	3,4	**1,017**	**(134)**	**883**	830	573
Tax on profit on ordinary activities	8	**(311)**	**15**	**(296)**	(223)	(143)
Profit on ordinary activities after taxation		**706**	**(119)**	**587**	607	430
Equity minority interests		**(13)**	**34**	**21**	(41)	(48)
Attributable profit		**693**	**(85)**	**608**	566	382
Dividends to shareholders	9	**(278)**	**–**	**(278)**	(232)	(218)
Retained profit for the financial year		**415**	**(85)**	**330**	334	164
Basic earnings per ordinary share (US cents) (a)	10	**31**		**27**	27	18
Diluted earnings per ordinary share (US cents) (a)	10	**31**		**27**	27	18
Dividend per ordinary share (US cents)	9			**12.00**	11.25	10.5

Attributable profit represents the profit for the financial period. All amounts are derived from continuing activities. There is no difference between the historical cost profits and losses and the profits and losses as presented in the profit and loss account above. Included within turnover and operating profit is US$1,146 million (2000: US$ nil; 1999: US$100 million) and US$88 million (2000: US$ nil; 1999: US$11 million) respectively attributable to acquisitions.

(a) Whilst the presentation of earnings per share excluding exceptional items is acceptable under UK GAAP, this presentation is not permitted under US GAAP. Profit and earnings per share before exceptional items are not measures of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP as a measurement of the BHP Billiton Group's profitability or liquidity. All registrants do not calculate profit and earnings per share before exceptional items in the same manner, and accordingly, profit and earnings per share before exceptional items may not be comparable with other registrants. Refer to note 2 for details of exceptional items excluded and to note 10 for details of the calculations.

Consolidated Statement of Total Recognised Gains & Losses
For the period 1 July 2000 to 28 June 2001

	BHP Billiton Plc Group (excluding JVAs)			Joint ventures and associates (JVAs)			BHP Billiton Plc Group		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Attributable profit for the financial period	**526**	460	301	**82**	106	81	**608**	566	382
Exchange gains and losses on foreign currency net investments	**–**	(7)	(14)	**–**	–	–	**–**	(7)	(14)
Total recognised gains for the period	**526**	453	287	**82**	106	81	**608**	559	368
Prior year adjustments arising from the implementation of revised accounting policies (refer Accounting Policies):									
- Deferred taxation	**(171)**	–	–	**(29)**	–	–	**(200)**	–	–
- Exploration	**(15)**	–	–	**–**	–	–	**(15)**	–	–
- Provisions	**–**	–	21	**–**	–	–	**–**	–	21
Total recognised gains since last annual report	**340**	453	308	**53**	106	81	**393**	559	389

Exchange gains and losses on foreign currency net investments include a related tax charge of US$ nil (2000: US$ nil; 1999: US$11 million).

Consolidated Statement of Cash Flows
For the period 1 July 2000 to 28 June 2001

	Note	**2001** US$m	2000 restated US$m	1999 restated US$m
Net cash inflow from Group operating activities	15	**1,369**	1,040	795
Dividends received from joint ventures		**138**	98	105
Returns on investments and servicing of finance	16	**(216)**	(145)	(126)
Taxation		**(263)**	(140)	(119)
Capital expenditure and financial investment	17	**(2,400)**	(896)	(579)
Acquisitions and disposals	18	**(1,491)**	(34)	(1,155)
Equity dividends paid		**(246)**	(223)	(223)
Net cash flow before management of liquid resources and financing		**(3,109)**	(300)	(1,302)
Management of liquid resources	19	**365**	(232)	1,394
Financing	20	**2,853**	643	(299)
– Issue of shares / Share Repurchase Scheme		**850**	(2)	(116)
– Debt		**2,003**	645	(183)
Increase in cash in the year	21	**109**	111	(207)
Reconciliation of net cash flow to movement in net debt				
Increase in cash in the year	21	**109**	111	(207)
Cash flow from debt and lease financing	20	**(2,003)**	(645)	183
Cash flow from management of liquid resources	19	**(365)**	232	(1,394)
Change in net debt arising from cash flows		**(2,259)**	(302)	(1,418)
Loans acquired with subsidiaries	21	**(665)**	–	(42)
Other non-cash movements	21	**–**	7	(15)
Exchange adjustments	21	**121**	84	12
Movement in net debt		**(2,803)**	(211)	(1,463)
Net debt at start of year	21	**(1,183)**	(972)	491
Net debt at end of year	21	**(3,986)**	(1,183)	(972)

Notes to the financial statements

Accounting Policies

Basis of accounting

On 29 June 2001, BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, and BHP Billiton Limited (previously known as BHP Limited), an Australian listed company, entered into a Dual Listed Companies ("DLC") merger. The consolidated financial statements set out herein have been drawn up for the purpose of showing the results of operations and cashflows of the BHP Billiton Plc Group as it was prior to the DLC merger (the BHP Billiton Plc pre-merger group) and so exclude BHP Billiton Limited and its subsidiaries.The consolidated financial statements have been prepared under the historical cost convention (except as discussed under tangible fixed assets below) and in accordance with applicable accounting standards and the United Kingdom Companies Act 1985 as applicable to the BHP Billiton Plc pre-merger group, except as described in the accounting policies note on foreign currencies.

The consolidated financial statements reflect the results of subsidiaries included in the BHP Billiton Plc pre-merger group (and exclude BHP Billiton Limited and its subsidiaries for the reasons set out above). Where the BHP Billiton Plc pre-merger group's interest is less than 100%, the share attributable to outside shareholders is reflected in minority interests. The accounting policies have been applied consistently in the preparation of the consolidated financial statements.

Application of new accounting standards and changes in accounting policies

The BHP Billiton Plc Group has adopted the transitional provisions of FRS 17 "Retirement Benefits" and has adopted FRS 18 "Accounting Policies" and FRS 19 "Deferred Tax".

In accordance with the transitional arrangements under FRS 17 full implementation is only required for accounting periods ending after 22 June 2003. For the current year additional disclosures only are required prior to full implementation.

The adoption of FRS 18 has had no effect on the results for the period nor on amounts disclosed for prior periods.

FRS 19 has been adopted in advance of the mandatory effective date for all periods presented. Prior to the adoption of FRS 19, the BHP Billiton Plc Group provided for deferred taxation under the liability method, only to the extent that it was probable that a liability or asset would crystallise in the foreseeable future. As a result of FRS 19, the new policy requires that full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date, except as follows:

- Tax payable on the future remittance of the past earnings of subsidiaries, associates and joint ventures is provided only to the extent that dividends have been accrued as receivable or a binding agreement to distribute all past earnings exists;
- Deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions or purchased fixed assets which have subsequently been revalued unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised; and
- Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

The adoption of the new policy, which has been made by way of an adjustment to previously published results as though the revised policy had always been applied by the BHP Billiton Plc Group, has had the following effects:

- The previously published figures at 1 July 1999 and 30 June 2000 have been restated as follows:
  - (a) the deferred tax balance has been increased by US$288 million and US$294 million respectively;
  - (b) goodwill has been increased by US$111 million and US$104 million respectively due to increased deferred tax liabilities at the date of acquisition of businesses; and

Accounting Policies (continued)

Application of new accounting standards and changes in accounting policies (continued)

(c) investments in joint ventures have been reduced by US$49 million for both periods resulting in decreases in shareholders' funds of US$189 million and US$200 million after taking account of the change in minority interests of US$37 million and US$39 million respectively;

- Operating profit and the tax on profit on ordinary activities for the year ended 30 June 2000 have been decreased by US$7 million and increased by US$6 million respectively from the figures previously published, resulting in profit after tax and attributable profit being decreased by US$13 million and US$11 million respectively;
- Operating profit and the tax on profit on ordinary activities for the year ended 30 June 1999 have been decreased by US$5 million and increased by US$11 million respectively from the figures previously published, resulting in profit after tax and attributable profit being decreased by US$16 million and US$1 million respectively; and
- The impact on the current year operating profit and charge for taxation is a decrease of US$7 million and of US$58 million respectively, resulting in attributable profit being increased by US$37 million, of which US$18 million is attributable to exceptional items.

Prior to 28 June 2001 the BHP Billiton Plc Group's policies for the treatment of exploration expenditure was that expenditure incurred prior to a project being considered to be commercially viable was recognised as a charge in the profit and loss account. Expenditure incurred subsequent to the determination of commercial viability was capitalised. Further, the BHP Billiton Plc Group's policy required the write back of provisions established prior to a project being considered to be commercially viable, to the extent that the relevant costs were recoverable.

For the period 1 July 2000 to 28 June 2001 the BHP Billiton Plc Group's policy has changed to preclude the write back of costs previously recognised in the profit and loss account when a project is considered to have become commercially viable.

The adoption of the new policy, which has been made by way of an adjustment to previously published results as though the revised policy had always been applied by the BHP Billiton Plc Group, has had the following effects:

- Exploration expenditure at 1 July 1999 and 30 June 2000 and shareholders' funds as at those dates have been reduced by US$15 million; and
- The current year exploration cost has been reduced by US$5 million and profit after tax has been increased by the same amount.

Acquisitions, disposals and goodwill

On the acquisition of a business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets and liabilities acquired. On the acquisition of a minority interest in a subsidiary undertaking, attributable fair values are recognised in relation to the relevant proportion of the identifiable separable assets and liabilities of the subsidiary undertaking.

Mineral reserves and resources, which can be reliably valued are recognised in the assessment of fair values on acquisition. Other potential reserves and resources and mineral rights, for which, in the Directors' opinion, values cannot reliably be determined, are not recognised. Accordingly, goodwill arising on acquisition may include amounts in respect of these items.

Where the fair value of the consideration paid exceeds the fair value of the separable assets and liabilities acquired, the difference is treated as purchased goodwill and any excess of the fair value of the separable assets and liabilities acquired over the fair value of the consideration given is treated as negative goodwill. Goodwill arising on acquisitions since 1 July 1998 is capitalised and amortised over its estimated useful economic life. Currently, useful economic lives range between 17 and 20 years. Negative goodwill arising on acquisitions since 1 July 1998 is capitalised and released to the profit and loss account in proportion to the realisation of the non-monetary assets acquired. Goodwill and negative goodwill arising on acquisitions prior to 1 July 1998 remain set off against reserves.

Accounting Policies (continued)

Acquisitions, disposals and goodwill (continued)
On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging or crediting the amount of any related goodwill previously taken directly to reserves or the unamortised balance of any goodwill capitalised.

Joint ventures
A joint venture is an entity in which the BHP Billiton Group holds a long-term interest and which is jointly controlled by the BHP Billiton Group and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity. A formal agreement between these venturers is not necessary to create joint control provided that in practice each relevant venturer's consent is required for strategic decisions.

The results of joint ventures are accounted for using the gross equity method of accounting. Under the gross equity method, the cost of the investment in the venture is adjusted by BHP Billiton Group's proportionate share of the results of operations of the venture.

Joint arrangements
The BHP Billiton Group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the entity itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create an entity, such as a joint venture, due to the fact that the policies are those of the participants, not a separate entity carrying on a trade or business of its own.

The financial statements of the BHP Billiton Group include its share of the assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the BHP Billiton Group's interest in the joint arrangement.

Foreign currencies
The BHP Billiton Plc Group's reporting currency is US dollars as this is the dominant currency in which the BHP Billiton Plc Group companies operate.

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. Foreign currency deposits held to meet known commitments for capital expenditure are translated at the rate of exchange at the date of the purchase of the deposit. Other 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 the consolidated profit and loss account.

Subsidiaries and joint ventures which maintain their accounting records in a currency different to the currency of the primary economic environment in which they operate ("functional currency") translate their accounts into the functional currency using the temporal method prior to consolidation. In effect this results in non-monetary assets and liabilities being recorded at their historical cost expressed in functional currency whilst monetary assets and liabilities are stated at the closing rate. Differences on translation are included in the profit and loss account.

Profit and loss accounts of subsidiaries and joint ventures which have functional currencies other than US dollars are translated to US dollars at average rates for the relevant reporting period, other than material exceptional items which are translated at the rate at the date of the transaction. Assets and liabilities are translated at exchange rates prevailing at the relevant balance sheet date. Exchange variations resulting from the retranslation at closing rate of the net investment in such subsidiaries and joint ventures, together with differences between their profit and loss accounts translated at average and closing rates, are shown as a movement in reserves and in the consolidated statement of total recognised gains and losses. Exchange differences arising on long-term foreign currency borrowings used to finance such investments, together with any related taxation, are also shown as a movement in reserves and in the consolidated statement of total recognised gains and losses.

The inclusion in the profit and loss account of exchange gains and losses on unsettled transactions is required by accounting standards in order to give a true and fair view of the BHP Billiton Plc Group's results. Compliance with accounting standards overrides the requirement of the United Kingdom Companies Act 1985 that only profits realised at the balance sheet date be included in the profit and loss account. The effect is disclosed in Note 6.

Notes to the financial statements

Accounting Policies (continued)

Financial instruments

The accounting method used for derivative financial instruments (such as forward exchange contracts, currency swaps and commodity contracts) is determined by whether or not the instrument is designated as a hedge of an existing exposure or a firm commitment and, if so, by the accounting method used for the item being hedged.

Financial instruments used to hedge existing exposures are included at market value with the resulting gains and losses taken to income when the gains and losses on the underlying hedged transactions are recognised. Gains and losses on hedges of firm commitments are deferred and recognised when any gains or losses on the hedged transaction are recognised. Derivative financial instruments that are not designated as a hedge are valued at market at balance sheet date, and gains and losses are taken to the profit and loss account.

Tangible fixed assets

Mineral rights

Mineral rights acquired by the BHP Billiton Plc Group are accounted for at cost with provisions made where impairments in value have occurred. Exploitable mineral rights are capitalised and depreciated over the production life of the asset.

Mineral leases

The BHP Billiton Plc Group's minerals leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves on the leased properties to be mined in accordance with current production schedules.

Exploration, evaluation and development expenditure

In respect of minerals, exploration and evaluation expenditure is charged to the profit and loss account as incurred except in respect of cost centres where:

- It is expected that the expenditure will be recouped by future exploitation or sale; or
- Substantial exploration and evaluation activities have identified a mineral resource but these activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves,

in which case the expenditure is capitalised.

Notes to the financial statements

Other tangible fixed assets

The cost of other tangible fixed assets includes financing and other appropriate direct and indirect costs incurred on major capital projects from the commencement of construction until the start of commercial production.

Depreciation, depletion and amortisation

The book value of tangible fixed assets (including the original capital expenditure on mines and any subsequent replacement expenditure) is depreciated over the useful economic lives of the specific assets concerned or the life of the mine or lease, if shorter. The major fixed assets are depreciated as follows:

Freehold land	Not depreciated
Freehold buildings	25-50 years straight line
Leasehold land and buildings	On a straight line basis over the life of the lease up to a maximum of 50 years
Other mining assets	Over the life of the proven and probable reserves
Plant and machinery	Economic useful life (4 to 30 years)
Vehicles	Economic useful life (3 to 5 years)
Computer systems	Up to 8 years

Changes in estimates are accounted for over the estimated remaining economic life or the remaining commercial reserves of each project as applicable.

Other investments
Fixed asset investments, other than joint ventures and associates, are stated individually at cost less provisions for impairments.

Current asset investments are valued at the lower of cost and net realisable value. In determining net realisable values, market values are used in the case of listed investments and Directors' estimates are used in the case of unlisted investments.

Employee share awards
The estimated cost of share awards made by the BHP Billiton Plc 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 other fixed asset investments offset by amounts charged to profit relating to those shares.

Stocks
Stocks and 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 is derived on an absorption costing basis. Cost comprises cost of production, including attributable mining and manufacturing overheads.

Deferred taxation

Corporation tax
Full provision is made for deferred taxation on all timing differences, which have arisen but not reversed at the balance sheet date, except as follows:

- Tax payable on the future remittance of the past earnings of subsidiaries, associates and joint ventures is provided only to the extent that dividends have been accrued as receivable or a binding agreement to distribute all past earnings exists;
- Deferred tax is not recognised on the difference between book values and fair values of non-monetary assets arising on acquisitions or purchased fixed assets which have subsequently been revalued unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised; and
- Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Resource rent taxes and royalties
Resource rent taxes and royalties are charges to operating profit; full provision is made for all timing differences which have arisen but not reversed at the balance sheet date except that carried forward resource rent tax benefits are recognised only to the extent that it is more likely than not that they will be recovered.

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 Plc Group's share of debtors and creditors, including obligations for funding shortfalls, have been recognised.

Pension costs and other post-retirement benefits
The BHP Billiton Plc Group operates or participates in a number of pension schemes throughout the world. The funding of the schemes complies with local regulations. The assets of the schemes are generally held separately from those of the BHP Billiton Plc Group and are administered by trustees or management boards. For schemes of the defined-contribution type or those operated on an industry-wide basis where it is not possible to identify assets attributable to the participation by the BHP Billiton Plc Group's employees, the pension charge is calculated on the basis of contributions payable. For defined-benefit schemes, the cost of providing pensions is charged to the profit and loss account so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice.

Certain BHP Billiton Plc Group companies provide post-retirement medical benefits to qualifying pensioners. In some cases the benefits are provided through medical care schemes to which the company, the employees, the retirees and covered family members contribute. In some schemes, there is no funding of the benefits before retirement. For the unfunded schemes and for funded schemes where it is possible to identify assets that are attributable to current and future retirees of the BHP Billiton Plc Group companies, the cost of providing the post-retirement benefits is charged to the profit and loss account so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice. For other funded schemes the charge to the profit and loss account is calculated on the basis of premiums payable.

Leases
Assets held under leases, which result in the BHP Billiton Plc Group receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments.

The corresponding finance lease obligation is included within creditors due within or after more than one year. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Rentals paid on operating leases are charged to the profit and loss account on a straight line basis over the lease term. 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.

presented in US dollars and prepared in accordance with UK GAAP

Notes to the financial statements

Decommissioning, site restoration and environmental costs

BHP Billiton Plc 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 Plc Group's environmental policies. The expected cost of any approved decommissioning or restoration programme, discounted to its net present value, is provided and capitalised when the related environmental disturbance occurs, based on the BHP Billiton Plc Group's interpretation of environmental and regulatory requirements and its own environmental policies where they are more onerous. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included with interest and similar items. Expected decommissioning and restoration costs are based on the estimated current cost of detailed plans prepared for each site.

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 chemical spills, seepage or other contingent events gives rise to a loss which is probable and reliably estimable.

The cost of ongoing programs to prevent and control pollution and to rehabilitate the environment is charged to the profit and loss account as incurred.

Turnover

Turnover from the sale of goods and disposal of other assets is recognized 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 BHP Billiton Group, 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 recognized on the bill of lading date. For certain sales (principally coal sales to adjoining power stations), title passes and revenue is recognized when the goods have been received.

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.

Exchange rates

The following exchange rates have been utilised in these financial statements

Versus US dollar	**2001 average**	2000 average	1999 average	**28 June 2001**	30 June 2000	30 June 1999
South African rand	**7.16**	6.34	6.05	**8.08**	6.82	6.04
Australian dollar	**1.87**	1.59	1.60	**1.98**	1.66	1.51
Brazilian real	**2.01**	1.83	1.46	**2.30**	1.80	1.77
Chilean peso	**577**	523	N/A	**632**	540	N/A
Colombian peso	**2 233**	1 957	1 547	**2 297**	2 148	1 547
Canadian dollar	**1.52**	1.48	1.51	**1.52**	1.48	1.51

The BHP Billiton Plc Group had no holdings in Chile throughout fiscal 1999 and therefore no exchange rate has been quoted above.

Net interest cost

Net interest cost is generally expensed as incurred except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest 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.

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.

presented in US dollars and prepared in accordance with UK GAAP

Note 1. Principal Subsidiaries, Joint Ventures, Associates and Joint Arrangements

Subsidiary undertakings

The principal subsidiary undertakings of the BHP Billiton Plc Group, none of which are held directly by BHP Billiton Plc (parent entity), are as follows:

			BHP Billiton Plc Group's effective interest		
Name	**Country of incorporation**	**Principal activity**	**28 June 2001 %**	30 June 2000 %	30 June 1999 %
Billiton Aluminium South Africa Limited	South Africa	Aluminium smelting	**100**	100	100
Rio Algom Limited	Canada	Holding company	**100**	–	–
Compania Minera Cerro Colorado Limitada	Chile	Copper	**100**	–	–
Pering Mine (Pty) Limited	South Africa	Lead and zinc mining	**100**	100	100
Billiton Metals Canada Inc	Canada	Copper and zinc mining	**100**	100	100
Ingwe Coal Corporation Limited	South Africa	Coal mining	**100**	100	100
Coal Operations Australia Limited	Australia	Coal mining	**100**	100	100
QNI Limited	Australia	Nickel refining	**100**	100	100
Cerro Matoso SA	Colombia	Nickel mining and ferro-nickel smelting	**100**	100	99
Samancor Limited	South Africa	Steel and Ferroalloys	**60**	60	60
Groote Eylandt Mining Co Pty Limited	Australia	Manganese mining	**60**	60	60
Tasmanian Electro Metallurgical Co Pty Limited	Australia	Manganese alloys	**60**	60	60
NAMD Inc	United States	Marketing and trading	**100**	–	–
Billiton Development BV	Netherlands	Exploration	**100**	100	100
Billiton Marketing BV	Netherlands	Marketing and trading	**100**	100	100
Billiton Marketing AG	Switzerland	Marketing and trading	**100**	100	–
Billiton Finance BV	Netherlands	Finance	**100**	100	100
Billiton International Services Limited	UK	Commercial and technical services	**100**	100	100
Billiton SA Limited	South Africa	Holding and service company	**100**	100	100
Billiton Company BV	Netherlands	Holding company	**100**	100	100
Billiton International Metals BV	Netherlands	Commercial and technical services	**100**	100	100

The BHP Billiton Plc Group comprises a large number of companies, all unlisted. The list above only includes those companies which principally affect the profit or net assets of the BHP Billiton Plc Group together with the principal intermediate holding companies.

Until the acquisition of its remaining minority interest in October 1998, the BHP Billiton Plc Group exercised influence over the operating and financial policies of Trans-Natal Coal Corporation Limited equivalent to that which the holder of the majority of voting shares would be able to exercise and up to that date, Trans Natal Coal Corporation Limited held more than 50% of the ordinary share capital and voting rights in Ingwe Coal Corporation Limited. Both companies were therefore subsidiary undertakings of BHP Billiton Plc (parent entity) throughout the period 1 July 2000 to 28 June 2001 and each of the two years ended 30 June 2000.

presented in US dollars and prepared in accordance with UK GAAP

Note 1. Principal Subsidiaries, Joint Ventures, Associates and Joint Arrangements (continued)

Joint ventures

The principal joint ventures of the BHP Billiton Plc Group are set out below. Where the BHP Billiton Plc Group's interest in a joint venture was held by a subsidiary undertaking which was not wholly owned by the BHP Billiton Plc Group, the subsidiary undertaking is indicated below:

			BHP Billiton Plc Group's effective interest		
Name	**Country of incorporation**	**Principal activity**	**28 June 2001 %**	30 June 2000 %	30 June 1999 %
Richards Bay Minerals (i)	South Africa	Titanium dioxide and mineral sands	**50**	50	50
Columbus Joint Venture (ii)	South Africa	Stainless steel production	**20**	20	20
Polyfos (Pty) Limited (ii)	South Africa	Manufacture of sodium tripolyphosphate	**–**	29	29
Carbones del Cerrejon SA	Colombia	Steaming coal	**33**	–	–
Cerrejon Zona Norte SA	Colombia	Steaming coal	**17**	–	–
Minera Antamina SA	Peru	Copper and zinc mining	**34**	–	–
Highland Valley Copper	Canada	Copper mining	**34**	–	–

Notes

(i) Richards Bay Minerals comprises two legal entities as follows:

			BHP Billiton Plc Group's effective interest		
Name	**Country of incorporation**	Principal **activity**	**28 June 2001 %**	30 June 2000 %	30 June 1999 %
Tisand (Pty) Limited	South Africa	Mineral sands mining	**51**	**51**	51
Richards Bay Iron and Titanium (Pty) Limited	South Africa	Titanium dioxide, zircon and rutile	**49**	**49**	49

In accordance with the shareholder agreement between the BHP Billiton Plc Group and Rio Tinto (which owns the shares of Tisand (Pty) Limited and Richards Bay Iron and Titanium (Pty) Limited not owned by the BHP Billiton Plc Group), Richards Bay Minerals functions as a single economic entity. The overall profit of Richards Bay Minerals is shared equally between the venturers.

(ii) Held by Samancor Limited in which the BHP Billiton Group has a 60% interest.

Associates

The principal associate of the BHP Billiton Plc Group is as follows:

			BHP Billiton Plc Group's effective interest		
Name	**Country of incorporation**	**Principal activity**	**28 June 2001 %**	30 June 2000 %	30 June 1999 %
Minera Alumbrera Limited	Argentina	Copper and gold mining	**25**	–	–

Proportionally included joint arrangements

The principal joint arrangements in which the BHP Billiton Plc Group has a participating interest and which are proportionally included in the financial statements are set out below. Where the BHP Billiton Plc Group's interest was held by a subsidiary undertaking which was not wholly owned by the BHP Billiton Plc Group, the subsidiary undertaking is indicated below:

Unless otherwise indicated, these financial statements are presented in US dollars and prepared in accordance with UK GAAP

Note 1. Principal Subsidiaries, Joint Ventures, Associates and Joint Arrangements (continued)

			BHP Billiton Plc Group's effective interest		
Name	**Country of incorporation**	**Principal activity**	**28 June 2001 %**	30 June 2000 %	30 June 1999 %
Worsley	Australia	Bauxite mining and alumina refinery	**86**	30	30
Alumar	Brazil	– Alumina refinery	**36**	36	36
		– Aluminium smelter	**46**	46	46
NV Billiton Maatschappij Surinam	Surinam	– Bauxite mining	**76**	76	76
		– Alumina refinery	**45**	45	45
Valesul Aluminio SA (a)	Brazil	Aluminium smelting	**41**	41	41
Mozal S.A.R.L.	Mozambique	Aluminium smelter	**47**	47	47
Middelburg Mine (b)	South Africa	Coal mining	**83**	83	83
Douglas Colliery (b)	South Africa	Coal mining	**83**	83	83
Matla Colliery (b)	South Africa	Coal mining	**–**	50	50
Richards Bay Coal Terminal Company Limited (b)	South Africa	Coal exporting	**40**	40	42
Rietspruit Mine (b)	South Africa	Coal mining	**50**	50	50
Bayswater Colliery (c)	Australia	Coal mining	**–**	83	78
Wallarah Colliery	Australia	Coal mining	**80**	80	80

Notes:

(a) The BHP Billiton Plc Group has a 45.5% economic interest in Valesul Aluminio SA.

(b) Held by Ingwe Coal Corporation Limited.

(c) During the year the outstanding interest was acquired by Coal Operations Australia Limited

The above joint arrangements are controlled jointly with one or more partners, generally with each partner supplying material, receiving processed resource and paying capital and operating costs in proportion to its interest.

Notes to the financial statements

Note 2. Exceptional Items

Exceptional items analysed by category:

Write down in carrying value of assets	**Gross 2001 US$m**	**Tax 2001 US$m**	**Net 2001 US$m**
Coal: Lake mines assets	**(26)**	**6**	**(20)**
Stainless steel: Columbus joint venture assets (a)	**(114)**	**30**	**(84)**
	(140)	**36**	**(104)**

Sale of expansion rights	**Gross 2001 US$m**	**Tax 2001 US$m**	**Net 2001 US$m**
Aluminium: Mozal II (b)	**61**	**(21)**	**40**
	61	**(21)**	**40**

Merger transaction costs	**Gross 2001 US$m**	**Tax 2001 US$m**	**Net 2001 US$m**
Central items	**(55)**	**-**	**(55)**
	(55)	**-**	**(55)**
Exceptional items	**(134)**	**15**	**(119)**

Note 2. Exceptional Items (continued)

Exceptional items analysed by business segment:	**Gross 2001 US$m**	**Tax 2001 US$m**	**Net 2001 US$m**
Aluminium	**61**	**(21)**	**40**
Coal	**(26)**	**6**	**(20)**
Steel and ferroalloys	**(114)**	**30**	**(84)**
Ferroalloys	**-**	**-**	**-**
Stainless steel	**(114)**	**30**	**(84)**
Central items	**(55)**	**-**	**(55)**
Exceptional items	**(134)**	**15**	**(119)**

(a) The writedown has been presented on a gross investment basis and does not include US$34 million attributable to equity minority interests.

(b) In addition to its 47% interest in the Mozal aluminium smelter, the BHP Billiton Plc Group owned 85% of any expansion rights. During the year it sold expansion rights of 38% to its partner for consideration valued at US$61 million (US$40 million net of tax). No expenditure had previously been specifically made to acquire the expansion rights and as such the net book value of the expansion rights was nil. Pursuant to the original shareholders agreement, under which the BHP Billiton Group entered into the Mozal joint venture with several other parties, the BHP Billiton Group was given 85% preferential rights in any future expansion phases of the development. These rights were granted to the BHP Billiton Group at no cost, that is without requiring the BHP Billiton Group to fund any special capital contributions or make any one-off payments.

There were no exceptional items for the years ending 30 June 2000 and 30 June 1999 respectively.

Notes to the financial statements

Note 3. Segmental Analysis by Business

(a) Turnover is attributable to the mining, refining, smelting, marketing and sale of metals, metal products, minerals and coal. Total turnover by business segment is as follows:

	BHP Billiton Plc Group (excluding JVAs)			**Joint ventures and associates (JVAs)**			**BHP Billiton Plc Group**		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Aluminium	**2,939**	2,323	2,073	**32**	34	87	**2,971**	2,357	2,160
Base metals	**273**	197	237	**90**	6	2	**363**	203	239
Coal	**1,268**	1,012	1,106	**83**	–	–	**1,351**	1,012	1,106
Nickel	**457**	497	287	**–**	–	–	**457**	497	287
Steel and ferroalloys	**926**	962	919	**199**	243	178	**1,125**	1,205	1,097
Ferroalloys	**926**	962	919	**43**	64	51	**969**	1,026	970
Stainless steel	**–**	–	–	**156**	179	127	**156**	179	127
Titanium minerals	**–**	–	–	**269**	276	285	**269**	276	285
Metals distribution	**797**	–	–	**–**	–	–	**797**	–	–
	6,660	4,991	4,622	**673**	559	552	**7,333**	5,550	5,174
Turnover from acquisitions included above:									
Base metals	**176**	–	100	**90**	–	–	**266**	–	100
Coal	**–**	–	–	**83**	–	–	**83**	–	–
Metals distribution	**797**	–	–	**–**	–	–	**797**	–	–

Turnover attributable to associates of US$44 million (2000: nil; 1999: nil) is included in Base metals.

(b) Profit on ordinary activities before taxation by business segment is as follows:

	BHP Billiton Plc Group (excluding JVAs)			**Joint ventures and associates (JVAs)**			**BHP Billiton Plc Group**		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Aluminium	**571**	430	273	**1**	1	2	**572**	431	275
Base metals	**41**	27	23	**25**	–	–	**66**	27	23
Coal	**217**	52	154	**14**	–	–	**231**	52	154
Nickel	**81**	140	(20)	**–**	–	–	**81**	140	(20)
Steel and ferroalloys	**94**	142	151	**(125)**	6	(12)	**(31)**	148	139
Ferroalloys	**94**	142	151	**–**	7	2	**94**	149	153
Stainless steel	**–**	–	–	**(125)**	(1)	(14)	**(125)**	(1)	(14)
Titanium minerals	**–**	–	–	**162**	155	168	**162**	155	168
Metals distribution	**23**	–	–	**–**	–	–	**23**	–	–
New business and technology	**(40)**	(52)	(59)	**–**	–	–	**(40)**	(52)	(59)
Central items	**(23)**	(58)	(35)	**–**	–	–	**(23)**	(58)	(35)
Operating profit	**964**	681	487	**77**	162	158	**1,041**	843	645
Merger transaction costs	**(55)**	–	–	**–**	–	–	**(55)**	–	–
Income from fixed asset investments	**18**	8	12	**–**	–	–	**18**	8	12
Net interest	**(117)**	(11)	(62)	**(4)**	(10)	(22)	**(121)**	(21)	(84)
Profit before taxation	**810**	678	437	**73**	152	136	**883**	830	573

Notes to the financial statements

Note 3. Segmental Analysis by Business (continued)

	BHP Billiton Group (excluding JVAs)			**Joint ventures and associates (JVAs)**			**BHP Billiton Plc Group**		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Operating profit from acquisitions included above:									
Base metals	**24**	–	11	**25**	–	–	**49**	–	11
Coal	**–**	–	–	**16**	–	–	**16**	–	–
Metals distribution	**23**	–	–	**–**	–	–	**23**	–	–

Operating profit attributable to associates of US$22 million (2000: US$ nil; 1999: US$ nil) is included in Base metals.

Included above are exceptional items totaling US$189 million (2000: US$ nil; 1999: US$ nil) which are described in Note 2.

(c) Turnover from Group production by business segment is as follows:

	BHP Billiton Plc Group (excluding JVAs)			**Joint ventures and associates (JVAs)**			**BHP Billiton Plc Group**		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Aluminium	**1,957**	1,664	1,422	**–**	6	23	**1,957**	1,670	1,445
Base metals	**260**	106	100	**90**	–	–	**350**	106	100
Coal	**1,168**	1,012	1,106	**83**	–	–	**1,251**	1,012	1,106
Nickel	**457**	497	287	**–**	–	–	**457**	497	287
Steel and ferroalloys	**907**	962	919	**172**	243	178	**1,079**	1,205	1,097
Ferroalloys	**907**	962	919	**16**	64	51	**923**	1,026	970
Stainless steel	**–**	–	–	**156**	179	127	**156**	179	127
Titanium minerals	**–**	–	–	**269**	276	285	**269**	276	285
	4,749	4,241	3,834	**614**	525	486	**5,363**	4,766	4,320
Turnover from acquisitions included above:									
Base metals	**176**	–	100	**90**	–	–	**266**	–	100
Coal	**–**	–	–	**83**	–	–	**83**	–	–

Turnover attributable to associates of US$44 million (2000: US$ nil, 1999: US$ nil) is included in Base metals.

Notes to the financial statements

Note 3. Segmental Analysis by Business (continued)

(d) Operating profit from Group production by business segment is as follows:

	BHP Billiton Plc Group (excluding JVAs)			**Joint ventures and associates (JVAs)**			**BHP Billiton Plc Group**		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Aluminium	**558**	409	267	**–**	1	2	**558**	410	269
Base metals	**41**	30	24	**25**	–	–	**66**	30	24
Coal	**209**	52	154	**16**	–	–	**225**	52	154
Nickel	**81**	140	(20)	**–**	–	–	**81**	140	(20)
Steel and ferroalloys	**94**	142	151	**(126)**	6	(12)	**(32)**	148	139
Ferroalloys	**94**	142	151	**(1)**	7	2	**93**	149	153
Stainless steel	**–**	–	–	**(125)**	(1)	(14)	**(125)**	(1)	(14)
Titanium minerals	**–**	–	–	**162**	155	168	**162**	155	168
New business and technology	**(40)**	(52)	(59)	**–**	–	–	**(40)**	(52)	(59)
Central items	**(23)**	(58)	(35)	**–**	–	–	**(23)**	(58)	(35)
	920	663	482	**77**	162	158	**997**	825	640

Operating profit from Group production by business segment is as follows:

	BHP Billiton Plc Group (excluding JVAs)			**Joint ventures and associates (JVAs)**			**BHP Billiton Plc Group**		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Operating profit from acquisitions included above:									
Base metals	**24**	–	11	**25**	–	–	**49**	–	11
Coal	**–**	–	–	**16**	–	–	**16**	–	–

Operating profit attributable to associates of US$22 million (2000: US$ nil; 1999: US$ nil) is included in Base metals.

Included above are exceptional items totaling US$14 million (2000: US$ nil; 1999: US$ nil) which are described in Note 2.

Notes to the financial statements

Note 4. Geographical Analysis

(a) Turnover by geographical market is as follows:

	BHP Billiton Plc Group (excluding JVAs)			Joint ventures and associates (JVAs)			BHP Billiton Plc Group		
	2001	2000	1999	**2001**	2000	1999	**2001**	2000	1999
		restated	restated		restated	restated		restated	restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Southern Africa	**749**	721	674	**60**	87	86	**809**	808	760
Europe	**2,723**	2,007	1,918	**213**	133	133	**2,936**	2,140	2,051
Latin America	**148**	114	161	**31**	25	4	**179**	139	165
Australia	**313**	286	231	**2**	3	10	**315**	289	241
Japan	**443**	452	554	**54**	42	29	**497**	494	583
South Korea	**242**	249	187	**26**	12	11	**268**	261	198
South East Asia	**381**	428	301	**65**	44	30	**446**	472	331
North America	**1,443**	656	482	**211**	213	249	**1,654**	869	731
Rest of World	**218**	78	114	**11**	–	–	**229**	78	114
	6,660	4,991	4,622	**673**	559	552	**7,333**	5,550	5,174

(b) Turnover by geographical origin is as follows:

	BHP Billiton Plc Group (excluding JVAs)			Joint ventures and associates (JVAs)			BHP Billiton Plc Group		
	2001	2000	1999	**2001**	2000	1999	**2001**	2000	1999
		restated	restated		restated	restated		restated	restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Southern Africa	**2,666**	2,794	2,679	**441**	525	486	**3,107**	3,319	3,165
Europe	**1,399**	706	871	**–**	–	–	**1,399**	706	871
Latin America	**890**	723	530	**127**	–	–	**1,017**	723	530
Australia	**838**	689	466	**–**	–	–	**838**	689	466
North America	**867**	79	76	**105**	34	66	**972**	113	142
	6,660	4,991	4,622	**673**	559	552	**7,333**	5,550	5,174

(c) Profit on ordinary activities before taxation, analysed by geographical origin, is as follows:

	BHP Billiton Plc Group (excluding JVAs)			Joint ventures and associates (JVAs)			BHP Billiton Plc Group		
	2001	2000	1999	**2001**	2000	1999	**2001**	2000	1999
		restated	restated		restated	restated		restated	restated
	US$m	US$m	US$m	**US$m**	US$m	US$m	**US$m**	US$m	US$m
Southern Africa	**460**	322	413	**38**	161	157	**498**	483	570
Europe	**156**	51	31	**–**	1	–	**156**	52	31
Latin America	**218**	239	48	**38**	–	–	**256**	239	48
Australia	**132**	64	(9)	**–**	–	–	**132**	64	(9)
North America	**18**	22	24	**3**	–	1	**21**	22	25
Rest of World	**(22)**	(17)	(20)	**–**	–	–	**(22)**	(17)	(20)
Operating profit	**964**	681	487	**77**	162	158	**1,041**	843	645
Merger costs	**(55)**	–	–	**–**	–	–	**(55)**	–	–
Income from other fixed asset investments	**18**	8	12	**–**	–	–	**18**	8	12
Net interest	**(117)**	(11)	(62)	**(4)**	(10)	(22)	**(121)**	(21)	(84)
Profit before taxation	**810**	678	437	**73**	152	136	**883**	830	573

Notes to the financial statements

Note 5. Operating Costs

	2001 **US$m**	2000 restated US$m	1999 restated US$m
Change in stocks of finished goods and work in progress	**(69)**	(31)	5
Raw materials and consumables	**999**	827	832
Staff costs	**689**	627	604
Amortisation of goodwill and negative goodwill	**5**	3	(2)
Depreciation of tangible fixed assets	**503**	382	350
Impairment of tangible fixed assets	**34**	–	-
Net exploration charge	**23**	41	41
Loss on sale of fixed assets and joint ventures	**21**	2	2
Other income	**(81)**	(5)	(10)
Other operating charges	**3,574**	2,464	2,313
BHP Billiton Plc Group (excluding JV)	**5,698**	4,310	4,135
Joint ventures (JV)	**594**	397	394
Operating costs including joint ventures	**6,292**	4,707	4,529
Production units			
- BHP Billiton Plc Group (excluding JV)	**3,829**	3,578	3,352
- Joint ventures (JV)	**537**	363	328
Trading			
- BHP Billiton Plc Group (excluding JV)	**1,869**	732	783
- Joint ventures (JV)	**57**	34	66
Operating costs including joint ventures	**6,292**	4,707	4,529

Other operating charges include the following:	**2001** **US$m**	2000 restated US$m	1999 restated US$m
Operating lease charges:			
Land and buildings	**9**	10	5
Other lease charges	**18**	5	8

Audit fees for the period amounted to US$5 million (2000: US$3 million; 1999: US$4 million) and amounts paid to auditors for other services amounted to US$20 million (2000: US$9 million; 1999: US$6 million).

Operating costs for the period 1 July 2000 to 28 June 2001 include US$926 million in respect of subsidiaries acquired during the year, impacting as follows: change in stocks of finished goods and work in progress US$1 million, raw materials and consumables US$84 million, staff costs US$95 million, amortisation of goodwill and negative goodwill US$2 million, depreciation of tangible fixed assets US$55 million, net exploration charge US$2 million and other operating charges US$687 million.

Notes to the financial statements

Note 6. Net Interest and Similar Items Payable/(Receivable)

		2001 US$m	2000 restated US$m	1999 restated US$m
On bank loans and overdrafts		**207**	132	111
On all other loans		**95**	49	49
Finance lease and hire purchase interest		**6**	6	6
		308	187	166
Dividends on subsidiary company preference shares		**20**	13	4
Discounting on provisions		**11**	12	15
		339	212	185
Less: amounts capitalised		**(24)**	(55)	(22)
		315	157	163
Share of interest of joint ventures		**28**	26	22
Share of interest of associates		**7**	–	–
		350	183	185
Other interest receivable		**(86)**	(68)	(85)
Exchange differences on net debt	-BHP Billiton Plc Group (excluding JV)	**(112)**	(78)	(16)
	-Joint ventures (JV)	**(31)**	(16)	–
Net interest and similar items payable		**121**	21	84

Net exchange gains primarily represent the effect on borrowings of the depreciation of the rand against the US dollar.

Cumulative unrealised exchange gains of US$383 million have been recognised as at 28 June 2001 (2000: US$309 million; 1999: US$237 million).

Note 7. Employees

The average number of employees, which excludes joint ventures' employees and includes Executive Directors, during the period was as follows:

	2001 No.	2000 No.	1999 No.
Aluminium	**5,045**	4,615	4,658
Base metals	**1,335**	443	494
Coal	**11,613**	13,749	15,196
Nickel	**1,342**	1,203	1,139
Steel and ferroalloys	**7,092**	9,291	10,721
Metals distribution	**1,807**	–	–
Other	**493**	510	751
	28,727	29,811	32,959

The aggregate payroll costs of these employees were as follows:

	2001 US$m	2000 restated US$m	1999 restated US$m
Wages, salaries and redundancies	**598**	554	537
Social security costs	**34**	17	16
Pension and other post-retirement benefit costs (see Note 14)	**48**	46	51
Employee share awards	**9**	10	–
	689	627	604

Notes to the financial statements

Note 8. Tax on profit on ordinary activities

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
(a) Analysis of charge in the period			
UK Taxation			
Corporation tax at 30% (2000: 30%; 1999: 30.75%)			
- Current	**146**	105	100
less double taxation relief	**(127)**	(100)	(99)
	19	5	1
Australian Taxation			
Corporation tax at 34% (2000: 36%; 1999: 36%)			
- Current	**35**	7	10
- Deferred	**(44)**	(31)	(3)
	(9)	(24)	7
South African taxation			
Corporation tax at 30% (2000: 30%; 1999: 30%)			
- Current	**110**	81	36
- Deferred	**(40)**	(25)	4
	70	56	40
Other overseas taxation			
- Current	**124**	105	40
- Deferred	**20**	8	(4)
	144	113	36
Share of joint ventures' tax charge			
- Current	**54**	44	48
- Deferred	**(31)**	4	7
	23	48	55
Share of associate's current tax charge	**3**	–	–
Withholding tax and secondary taxes on companies	**46**	24	2
Other taxation	**–**	1	2
	296	223	143
Made up of:			
Aggregate current tax			
- BHP Billiton Plc Group (excluding JVA)	**334**	223	91
- Joint ventures and associates (JVA)	**57**	44	48
	391	267	139
Aggregate deferred tax			
- BHP Billiton Plc Group (excluding JVA)	**(64)**	(48)	(3)
- Joint ventures and associates (JVA)	**(31)**	4	7
	(95)	(44)	4
	296	223	143

Note 8. Tax on profit on ordinary activities (continued)

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
(b) Factors affecting tax charge for the period			
The tax assessed is different than the standard rate of corporation tax in the UK (30%)			
The differences are explained below:			
Profit on ordinary activities before tax	**883**	830	573
Tax on profit at UK rate of 30% (2000: 30% ; 1999: 30.75%)	**265**	249	176
Permanent Differences			
Amounts over provided in prior years	**(4)**	(4)	-
Recognition of prior year tax losses	**(8)**	(3)	-
Non-deductible accounting depreciation and amortisation	**17**	–	-
Non tax effected operating losses	**53**	4	27
Tax rate differential on non-UK income	**(23)**	(2)	(5)
Foreign expenditure including exploration not currently deductible	**7**	11	-
South African secondary tax on companies	**46**	24	-
Non-deductible merger costs	**18**	–	-
Tax rate changes	**–**	(31)	(21)
Income tax audit	**–**	(26)	-
Sale of tax certificates	**-**	-	(25)
BFBV tax ruling	**-**	-	(25)
Other	**(75)**	1	16
Total permanent differences	**31**	(26)	(33)
Deferred tax movements taken on profit and loss accounts			
Capital allowances for the period less depreciation	**87**	(57)	6
Employee entitlements	**2**	2	(13)
Restoration and rehabilitation	**7**	12	(7)
Other provisions	**2**	10	5
Tax losses	**(35)**	48	(3)
Other	**32**	29	8
Total timing differences	**95**	44	(4)
Current tax charge	**391**	267	139
less deferred tax movements taken to the profit and loss account	**(95)**	(44)	4
Tax on profit on ordinary activities	**296**	223	143

The effective tax rate is lower than the UK statutory rate principally due to non-taxable income (particularly exchange gains), settlement of a tax dispute in Australia, the release of deferred tax arising from the rate change in Australia and partial provisioning for deferred taxation, net of secondary tax on companies payable on dividends paid from South African subsidiaries.

Notes to the financial statements

Note 8. Tax on profit on ordinary activities (continued)

The BHP Billiton Plc Group's effective rate of tax for the year increased in comparison to the prior year principally as a result of Secondary Tax on Companies offset by the incidence of large one-off adjustments.

(c) Factors that may affect future tax charges

Whilst the BHP Billiton Plc Group's functional currency is the US dollar, the majority of its subsidiaries' tax liabilities are calculated, and paid, in the relevant local currency. In recent periods, a number of these currencies – in particular the South African rand – have fallen in value against the dollar. This has had a significant impact on the BHP Billiton Plc Group's effective rate of tax and it is anticipated that further movements in exchange will also impact on the future tax charge.

If expedient, for instance to crystallise some of the benefits of the rand weakening against the US dollar, dividends may be repatriated from the BHP Billiton Plc Group's South African operations. This will result in a liability to secondary tax on companies, thereby increasing the BHP Billiton Plc Group's overall tax charge.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, joint ventures and associates as there are no specific plans for their remittance.

The BHP Billiton Plc Group has significant operations in areas where tax rates are higher than the UK tax rate of 30%. However, this is to some extent counterbalanced by certain tax incentives from which the BHP Billiton Plc Group benefits and some operations in low-taxed regimes. The future BHP Billiton Plc Group tax charge will be influenced by the geographical composition of its profits.

The BHP Billiton Plc Group holds a number of assets at values greater than their respective tax costs. Were some/all of these to be sold, there would be a tax liability. Currently, there are no specific plans for divestments and it is not possible to quantify the contingent liability as different methods of disposal would impact on the nature of the tax cost eg sale of a fixed asset may result in the recoupment of allowances while the sale of the company housing the same asset may result in a liability to capital gains tax.

Capital gains tax is to be introduced in South Africa with effect from 1 October 2001. This will have the effect of reducing the incidence of one-off tax-free gains in the future.

The BHP Billiton Plc Group has tax losses in various jurisdictions that have not been recognised for accounting purposes. The tax value of these is estimated to be approximately $88m. However, of these approximately $56m may be restricted or forfeited due to anti-avoidance measures triggered by the merger between BHP Ltd and Billiton Plc on 29 June 2001.

	2001	2000	1999
		restated	restated
	US$m	US$m	US$m
(d) Provision for deferred income taxes			
Accelerated capital allowances	**535**	538	507
Employee entitlements	**(32)**	(21)	(17)
Restoration and rehabilitation	**(18)**	(11)	(9)
Other provisions	**(20)**	(12)	(7)
Tax losses	**(31)**	(48)	-
Other	**(1)**	22	15
Provision for deferred tax	**433**	468	489
Provision at start of period	**468**	489	465
Acquisition of subsidiary	**29**	27	23
Deferred tax credit in profit and loss account for period (refer (a))	**(64)**	(48)	(3)
Exchange loss taken to reserves	-	-	4
Provision at end of period	**433**	468	489
This provision is included within:			
Provision for liabilities and charges	**433**	468	489

Notes to the financial statements

Note 9. Dividends

Preference shares			
5.5% dividend on 50,000 preference shares of £1 each (2000 and 1999: 5.5%)	**–**	–	–
Ordinary shares			
First interim dividend paid of 4 cents per share (2000: 3.75 cents; 1999: 3.5 cents)	**92**	78	73
Second interim, declared dividend of 8 cents per share (2000 and 1999: nil)	**186**	–	–
Proposed final dividend of nil cents per share (2000: 7.5 cents; 1999: 7.0 cents)	**–**	154	145
	278	232	218

Dividends payable in the consolidated profit and loss account are stated net of amounts which are not payable outside the BHP Billiton Plc Group, under the terms of the share repurchase scheme and the Billiton Employee Share Ownership Trust.

Note 10. Earnings per share

	2001	2000 restated	1999 restated
Basic earnings per share (US$ cents)			
Excluding exceptional items (a)	**31**	27	18
Including exceptional items	**27**	27	18
Diluted earnings per share (US$ cents)			
Excluding exceptional items (a)	**31**	27	18
Including exceptional items	**27**	27	18
Earnings (US$ million)			
excluding exceptional items	**693**	566	382
including exceptional items	**608**	566	382
Weighted average number of shares (millions)			
basic earnings per share	**2,255**	2,076	2,108
diluted earnings per share	**2,269**	2,076	2,108

The weighted average number of shares used for the purpose of calculating diluted earnings per share can be reconciled to the number used to calculate basic earnings per share as follows:

Number of Shares (millions)	**2001**	2000 restated	1999 restated
Basic earnings per share	**2,255**	2,076	2,108
BHP Billiton Plc employee share awards	**14**	–	–
Diluted earnings per share	**2,269**	2,076	2,108

(a) Whilst the presentation of earnings per share excluding exceptional items is acceptable under UK GAAP, this presentation is not permitted under US GAAP. Profit and earnings per share before exceptional items are not measures of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP as a measurement of the BHP Billiton Group's profitability or liquidity. All registrants do not calculate profit and earnings per share before exceptional items in the same manner, and accordingly, profit and earnings per share before exceptional items may not be comparable with other registrants. Refer to note 2 for details of exceptional items excluded.

Note 11. Financial Instruments

Primary responsibility for identification and control of financial risks rests with the Financial Risk Management Committee ("FRMC") of the BHP Billiton Plc Group.

The FRMC, which meets monthly, receives reports on, amongst other matters: financing requirements for both existing operations and new capital projects; assessments of risks and rewards implicit in requests for financing; and reports on market forecasts for interest rates, currency movements and commodity prices, including analysis of sensitivities. In addition, the FRMC receives reports on the various risk exposures of the BHP Billiton Plc Group.

On the basis of this information, the FRMC determines the degree to which it is appropriate to use financial instruments, commodity contracts, other hedging instruments (or other methods such as insurance or risk sharing arrangements) or other techniques to mitigate the identified risks. The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk, foreign currency risk and commodity price risk, each of which is described below. In addition, where risks can be mitigated by insurance then the FRMC will decide whether such insurance is appropriate and cost-effective. Its decisions may be implemented directly by BHP Billiton Plc Group management or may be delegated from time to time to be implemented by the management of the production operations.

The BHP Billiton Plc Group's projects are sufficiently diverse that their impact on the BHP Billiton Plc Group's overall risk profile can be significant and it is not appropriate to establish umbrella policies in respect of risks. The BHP Billiton Plc Group's objective therefore is to maintain a flexible and responsive approach to risk management to deal with this fluidity.

In addition, various financial instruments such as trade debtors, trade creditors and accruals arise directly from the BHP Billiton Plc Group's operations.

It has been, throughout the period under review, the BHP Billiton Plc Group's policy that no trading in financial instruments or commodity contracts shall be undertaken.

Interest rate risk

Corporate borrowing facilities and surplus funds have generally been at floating rates of interest. The benefits of fixing or capping interest rates on project financing to achieve greater predictability of cash flows have been considered and implemented on a project by project basis.

Liquidity risk

The BHP Billiton Plc Group raised a significant amount of cash in July 1997 and, in December 1997, secured a US$1.5 billion revolving credit facility which is to be repaid in a bullet payment on 19 December 2004. In September 2000 a new US$2 billion credit facility was arranged, of which US$750 million was later cancelled. The credit facility includes two tranches (A and B). Tranche A amounts to US$750 million for three years and is for general corporate expenses. Tranche B amounts to US$500 million and is for one year for the acquisition and the refinancing of the existing debt of Rio Algom. In January 2001 a further US$1 billion facility was arranged to finance the additional acquisition in Worsley. In this overall context it has not been necessary to actively manage the BHP Billiton Plc Group's short-term liquidity risk and the BHP Billiton Plc Group has been able to balance the cost benefits of short-term borrowing against the need for securing further committed facilities. The prime consideration in the investment of cash is security over the asset and only counterparties of high credit standing are used. Sufficient liquid funds are maintained to meet daily cash requirements.

Currency risk

The BHP Billiton Plc Group has potential currency exposures in respect of items denominated in foreign currencies comprising:

- transactional exposure in respect of operating costs, capital expenditures and, to a lesser extent, sales incurred in currencies other than the functional currency of operations and in respect of certain exchange control restrictions which require funds to be maintained in currencies other than the functional currency of operations; and
- translational exposures in respect of investments in overseas operations which have functional currencies other than dollars. When not in conflict with exchange control requirements, the BHP Billiton Plc Group's policy is to minimise translational exposure generally through borrowing in the relevant currency. On acquisition, the BHP Billiton Plc Group will generally look to ensure that this policy is followed as soon as possible, taking into account the cost of switching the currency of borrowings where necessary.

Currency risk in respect of non-functional currency expenditure is reviewed regularly by the FRMC and general guidance on the use of hedges, using foreign exchange contracts or options, is updated regularly for implementation at production unit level. No fixed policy applies and the FRMC takes all current factors into account in its updates. Any individually significant non-functional currency expenditure, such as major capital projects, is considered separately by the FRMC.

Note 11. Financial Instruments (continued)

Commodity price risk

The BHP Billiton Plc Group is exposed to movements in the prices of the products it produces which are generally sold as commodities on the world market. The BHP Billiton Plc Group does, however, have a natural hedge against movements in the aluminium price, as a proportion of its operating costs are linked to the LME aluminium price.

Strategic hedging of the price of the BHP Billiton Plc Group's production or operating costs is undertaken from time to time. All such hedging programmes are approved by the FRMC. In the past four years there have been two such significant programmes. Firstly, in anticipation of short-term weakness in the aluminium price, approximately 170,000 tonnes of aluminium (20 per cent of annual production) was sold forward in November 1997 at a price in excess of US$1,600/tonne for delivery between July 1998 and February 1999. Secondly, in anticipation of an increase in the aluminium price from historically low levels and in order to fix the price of a portion of input costs which are LME price related, 96,000 tonnes of aluminium was bought forward at a price of US$1,234/tonne for delivery between July 1999 and May 2000.

The following describes the BHP Billiton Plc Group's financial instruments and how these policies have been applied during the period. Short-term debtors and creditors (other than short-term loans) are excluded from the numerical disclosures below with the exception of the currency risk disclosures.

Financial liabilities – interest rate and currency profile

The currency and interest rate profile of the financial liabilities of the BHP Billiton Plc Group as at 28 June 2001 is as follows:

	Fixed rate 2001 US$m	**Floating rate 2001 US$m**	**Interest-free 2001 US$m**	**Total 2001 US$m**	Fixed rate 2000 US$m	Floating rate 2000 US$m	Interest-free 2000 US$m	Total 2000 US$m	Fixed rate 1999 US$m	Floating rate 1999 US$m	Interest-free 1999 US$m	Total 1999 US$m
Currency												
US $	**602**	**3,142**	**-**	**3,744**	252	845	10	1,107	162	324	12	498
SA Rand	**195**	**367**	**108**	**670**	310	312	210	832	435	339	45	819
Australian $	**14**	**11**	**-**	**25**	11	39	-	50	51	82	-	133
Canadian $	**232**	**-**	**-**	**232**	-	-	-	-	-	-	-	-
Other	**5**	**4**	**-**	**9**	6	4	-	10	4	10	-	14
	1,048	**3,524**	**108**	**4,680**	579	1,200	220	1,999	652	755	57	1,464

The figures shown in the table above take into account various interest rate and currency swaps used to manage the interest rate and currency profile of financial liabilities. In particular, the financing for the construction of Billiton Aluminium South Africa's Hillside smelter was raised in a variety of currencies, including the US dollar and the Deutschmark. In order to meet the then South African exchange control regulations, forward foreign currency contracts were entered into which resulted in the borrowings being, in effect, converted into South African rand.

The floating rate financial liabilities principally comprise bank loans and overdrafts bearing interest at various rates set with reference to the prevailing LIBOR or equivalent for that time period and country.

On 23 December 1994, the BHP Billiton Plc Group entered into an interest rate cap agreement maturing 21 September 2001. As at 28 June 2001 the notional amount of debt still covered by the cap was US$11 million. The interest is capped at 8.5%, and the value of the cap at the period end was zero.

Two further interest rate cap agreements, covering US$62.5 million of debt each and capping interest at 6.3%, matured in June 2001.

presented in US dollars and prepared in accordance with UK GAAP

Notes to the financial statements

Note 11. Financial Instruments (continued)

The weighted average interest rate of fixed rate liabilities and the weighted average maturity period of fixed rate and interest-free liabilities respectively are as follows:

	Weighted average fixed interest rate % 2001	**Weighted average period for which rate is fixed Years 2001**	**Weighted average period to maturity of the interest-free liabilities Years 2001**	Weighted average fixed interest rate % 2000	Weighted average period for which rate is fixed Years 2000	Weighted average period to maturity of the interest-free liabilities Years 2000	Weighted average fixed interest rate % 1999	Weighted average period for which rate is fixed Years 1999	Weighted average Period to maturity of the interest-free liabilities Years 1999
Currency									
US $	**8**	**6**	**–**	9	7	7	7	4	8
SA Rand	**13**	**7**	**14**	12	6	1	13	6	1
Australian $	**10**	**2**	**–**	10	5	–	10	5	–
Canadian $	**6**	**1**	**–**	–	–	–	–	–	–
Other	**7**	**10**	**–**	7	9	–	7	10	–
	8	**5**	**14**	11	6	2	11	5	2

Note 11. Financial Instruments (continued)

Financial assets – interest rate and currency profile
The currency and interest rate profile of the BHP Billiton Plc Group's financial assets is as follows:

	Fixed rate 2001 US$m	**Floating rate 2001 US$m**	**Interest-free 2001 US$m**	**Total 2001 US$m**	Fixed rate 2000 US$m	Floating rate 2000 US$m	Interest free 2000 US$m	Total 2000 US$m	Fixed rate 1999 US$m	Floating rate 1999 US$m	Interest-free 1999 US$m	Total 1999 US$m
Currency												
US $	**71**	**762**	**428**	**1,261**	–	726	60	786	37	394	6	437
SA Rand	**27**	**107**	**242**	**376**	25	132	227	384	–	150	234	384
Australian $	**–**	**30**	**–**	**30**	–	18	–	18	–	15	–	15
Canadian $	**–**	**5**	**20**	**25**	–	21	20	41	–	–	19	19
Other	**–**	**9**	**–**	**9**	–	18	–	18	–	29	1	30
	98	**913**	**690**	**1,701**	25	915	307	1,247	37	588	260	885

Included in the above interest rate profile is US$12 million (2000: US$25 million; 1999: US$nil) of fixed interest bearing loans to joint ventures, US$110 million (2000: US$nil; 1999: US$ nil) of floating interest bearing loans to joint ventures and US$67 million (2000: US$ nil; 1999: US$ nil) of floating interest bearing loans to associates . The remaining US$215 million (2000: US$210 million; 1999: US$224 million) of loans to joint ventures are interest free and have no redemption date. These loans and fixed asset investments of US$420 million (2000: US$78 million; 1999: US$74 million) are included in the above interest rate profile.

The floating rate financial assets earn interest at various rates set with reference to the prevailing LIBOR or equivalent.

Surplus funds have been invested on a fixed deposit/call basis in US dollars with banks which have a minimum A rating and which are members of the BHP Billiton Plc Syndicate of Banks. Limits are in place by bank and the maturity profile of the books was restricted to a maximum of three months.

The US$850 million proceeds from the equity fundraising in September 2000 was used to fund acquisitions during the current year. The cash received from the IPO of Billiton Plc (US$1.5 billion) in 1997 was utilised to fund Group companies and projects, with surpluses deposited in accordance with the investment policy approved by the Board.

Borrowing facilities
The maturity profile of the BHP Billiton Plc Group's undrawn committed facilities is as follows:

	2001 US$m	2000 US$m	1999 US$m
Expiring in one year or less	**52**	76	97
Expiring between two and five years	**1,350**	1,172	1,358
Expiring in more than five years	**98**	–	–
	1,500	1,248	1,455

Hedging of financing
Forward foreign currency swaps
Included in the book value of forward foreign currency contracts is US$62 million (2000: US$60 million; 1999: US$63 million) which are linked to short-term and long-term borrowings in respect of Billiton Aluminium South Africa's Hillside smelter with a book value of US$218 million (2000: US$274 million; 1999: US$341 million) which, as a result of South African exchange restrictions, are together treated as synthetic Rand borrowings. In future periods the profit and loss account will reflect exchange differences arising on the synthetic Rand borrowings. The fair value disclosures relating only to the forward currency contract element of the synthetic debt has been calculated by reference to the forward rates that may be available if similar contracts were to be negotiated today.

Note 11. Financial Instruments (continued)

Hedging of financing (continued)
Finance lease swap
Included within the book value of short and long term liabilities are finance leases which have been swapped from a fixed interest rate to a floating interest rate and from a ten year term to a five year term. The book value of these leases is US$25 million (2000: US$38 million; 1999: US$52 million). The effect of the swap is to match the initial lease obligation by receiving payments over a ten year period at a fixed rate and making payments on a floating rate over five years. For the purpose of the disclosures, the book value of the finance leases is shown as it would be excluding the effect of the finance lease swap, the balance of the book value is allocated to the finance lease swap. The fair value disclosures relate only to the swapped components and reflect the fact that the swap receivable is subject to a fixed rate.

	Forward exchange contracts US$m	Finance lease swap US$m
Unrecognised gains at 1 July 1999	41	15
Gains arising in previous years recognised in the period	(4)	(2)
Gains arising before 30 June 1999 not included in the result for the year	37	13
Decrease in gains arising in previous years	(23)	(2)
Unrecognised gains at 1 July 2000	14	11
Gains arising in previous years recognised in the period	(4)	(2)
Gains arising before 30 June 2000 not included in the results for the period	10	9
Gains/losses arising in the period and not recognised	3	(1)
Unrecognised gains at 28 June 2001	**13**	**8**
of which:		
Gains expected to be recognised within one year	3	2
Gains expected to be recognised after one year	10	6
	13	**8**

Other hedging
As described above, from time to time the BHP Billiton Plc Group hedges the following risks using derivative financial instruments:

- Commodity sales prices. Strategic price hedges are taken out from time to time.
- Input costs. Operating companies hedge non-functional currency operating costs at varying degrees. In addition, strategic hedges of aluminium input costs are taken out from time to time.
- Capital costs. Non-functional currency capital costs are hedged using forward foreign currency contracts to varying degrees.
- Finance leases. The exposure arising from fluctuations in interest rates is hedged for some finance lease repayments.

The BHP Billiton Plc Group's marketing and trading operation sells aluminium on the open market at prices which will be set based on the LME price in the month prior to delivery. To reduce the exposure to movements in the LME price, a matching forward sale contract is entered into on the LME, locking in the price at the date on which the sale is contracted.

On maturity, the gains and losses on forward currency contracts used to hedge capital expenditure will be included as part of the cost of the assets under construction. These gains and losses will be charged to the profit and loss account through the depreciation charge over the life of the relevant asset.

Note 11. Financial Instruments (continued)

Hedging of financing (continued)

Under the BHP Billiton Plc Group's accounting policy, foreign currency balances which are hedged using forward foreign currency contracts are translated at the exchange rate inherent in the contracts. Consequently, the relevant asset or liability effectively has the gain or loss on the hedging instrument embedded in its carrying value. Such gains and losses are treated as deferred until the underlying position matures.

Unrecognised gains and losses on the instruments used for hedging, and the movements therein, are as follows:

	Gains US$m	Losses US$m	Net gains/ (losses) US$m
Unrecognised gains/(losses) at 1 July 1999	21	(16)	5
(Gains)/losses arising in previous years recognised in the period	(18)	12	(6)
Gains arising in previous years recognised in fixed assets in the period	(3)	–	(3)
Gains/(losses) arising before 30 June 1999 not included in the result for the year	–	(4)	(4)
Gains/(losses) arising in the year and not recognised	2	(4)	(2)
Unrecognised gains/(losses) at 1 July 2000	2	(8)	(6)
(Gains)/losses arising in previous years recognised in the period	(1)	4	3
Gains/(losses) arising before 30 June 2000 not included in the result for the period	1	(4)	(3)
Gains/(losses) arising in the period and not recognised	7	(10)	(3)
Unrecognised gains/(losses) at 28 June 2001	**8**	**(14)**	**(6)**
of which:			
Gains/(losses) expected to be recognised within one year	7	(11)	(4)
Gains/(losses) expected to be recognised after one year	1	(3)	(2)
	8	**(14)**	**(6)**

The unrecognised losses relate to currency hedges taken out by QNI predominantly prior to its acquisition by Billiton. These hedges were taken out to cover forward operating costs denominated in Australian dollars over a period of up to four years.

Deferred gains and losses on the instruments used for hedging, and the movements therein, are as follows:

	Gains US$m
Deferred gains at 1 July 1999	8
Gains arising in previous years recognised in the period	(3)
Gains arising in previous years recognised in fixed assets in the period	(4)
Gains arising before 30 June 1999 not included in the result for the year	1
Gains arising in the year and not recognised	–
Deferred gains at 1 July 2000	1
Gains arising in previous years recognised in the period	(1)
Deferred gains at 28 June 2001	–

Note 12. Reconciliation of movements in shareholders' funds

	BHP Billiton Plc Group			BHP Billiton Plc (parent entity)		
	2001	2000 restated	1999 restated	**2001**	2000 restated	1999 restated
	US$m	US$m	US$m	**US$m**	US$m	US$m
Profit for the financial period	**608**	566	382	**197**	182	204
Other recognised gains and losses	**–**	(7)	(14)	–	–	–
Total recognised gains	**608**	559	368	**197**	182	204
Dividends	**(278)**	(232)	(218)	**(278)**	(240)	(224)
Issue of ordinary shares for cash	**656**	–	–	**656**	–	–
Share repurchase scheme	**194**	(2)	(116)	**–**	–	–
Transfer to profit and loss account for year (goodwill)	**4**	–	–	**–**	–	–
Net movement in shareholders' funds	**1,184**	325	34	**575**	(58)	(20)
Shareholders' funds at start of period as restated	**4,759**	4,434	4,400	**2,302**	2,360	2,380
Shareholders' funds at end of period	**5,943**	4,759	4,434	**2,877**	2,302	2,360

The prior year adjustment arises from the implementation during the period of revised accounting policies for deferred tax and exploration.

The Company entered into an arrangement under which it contingently agreed to purchase its own shares from a special purpose vehicle (Strand Investment Holdings Limited) established for that purpose. During the period 1 July 2000 to 28 June 2001, 53,884,402 shares were disposed of for proceeds of US$194 million, At 30 June 2000, 53,884,402 (1999: 53,298,029) ordinary shares were held at an aggregate purchase price of US$118 million (2000: US$118 million; 1999: US$116 million), which was funded by the Group. The cost of purchasing these shares was deducted from shareholders' funds. There was no intention to trade these shares and no dividends were paid in respect of them outside the Group. Normally, the United Kingdom Companies Act 1985 requires that interests in own shares be included in the balance sheet as an asset. However, in this case the Directors considered that the arrangements are such that the shares owned by Strand Investment Holdings Limited were effectively repurchased by the Group and so did not constitute an asset of the Group and that to have shown them as such would have failed to show a true and fair view. During the period 1 July 2000 to 28 June 2001 these shares were reissued and no shares were held by Strand Investment Holdings Limited at that date. Strand Investment Holdings Limited was consolidated as part of the BHP Billiton Group in each of the years described.

Notes to the financial statements

Note 13. Commitments

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Contracted but not provided for	**311**	230	337

The BHP Billiton Plc Group has commitments under operating leases to make payments totaling $US25 million for the next year as follows:

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Land and buildings			
Leases which expire:			
Within one year	**3**	4	4
Between two and five years	**5**	8	13
Over five years	**1**	3	13
	9	15	30
Other operating leases			
Leases which expire:			
Within one year	**6**	2	2
Between two and five years	**6**	4	4
Over five years	**4**	5	1
	16	11	7

Notes to the financial statements

Note 14. Pensions and post-retirement medical benefits

The BHP Billiton Plc Group operates or participates in a number of pension schemes throughout the world. The more significant schemes relate to businesses in the Netherlands, South Africa, Canada and the US.

The pension charge for the year is as follows:

	2001	2000 restated	1999
	US$m	US$m	US$m
Defined contribution schemes	17	21	20
Industry-wide schemes	12	13	12
Defined benefit schemes			
regular cost	12	8	11
variation cost	2	(1)	(2)
	43	41	41

To the extent that at any point in time there is a difference between pension cost and contributions paid, a prepayment or creditor is raised. The accumulated difference provided in the balance sheet at 28 June 2001 is US$nil (2000: a creditor of US$8million; 1999: a creditor of US$4 million).

The assets of the defined contribution schemes are held separately from BHP Billiton Plc (parent entity) in independently administered funds. The charge in respect of these schemes is calculated on the basis of contributions due in the financial year.

The industry-wide schemes in South Africa are accounted for on the basis of contributions due in the financial year.

The remaining pension schemes are defined benefit schemes. Some of the defined benefit schemes have their assets held separately from BHP Billiton Plc (parent entity) in independently administered funds and others are unfunded. The pension costs and funding for these schemes are assessed in accordance with the advice of professionally qualified actuaries based on the most recent actuarial valuations available.

The actuarial valuations for SSAP 24 purposes determined pension costs using the projected unit method for most schemes. There are exceptions for some schemes that are closed to new members where the attained age method was used. The assumptions used varied by scheme. For the purposes of calculating the accounting charge, surpluses or deficiencies will be recognised through the variation cost component in future accounting periods as a level percentage of payroll.

Of the significant funded schemes there were 11 with funding levels ranging from 71% to 167%. These funding levels are based on a mix of market values and actuarial values of the assets. At the dates of the most recent actuarial valuations, the combined market value of these schemes' assets was US$449 million.

For the three largest schemes, the main economic assumptions used, market and actuarial value of assets and funding levels at the respective dates of the most recent formal actuarial valuations are as follows:

	Rio Algom Salaried Plan	Rio Algom Inc Metals Distribution Retirement Plan	Billiton International Metals Pension Fund
Country	Canada	US	Netherlands
Date of valuation	31 December 1999	31 December 1999	31 December 2000
Investment return	6.5%	7.75%	4%
Salary growth	5.0%	5%	0%
Pension increases	0%	0%	0%
Asset valuation method	3 year trend value	Market value	Market value
Market value of fund (US$ million)	77	66	54
Actuarial value of fund (US$ million)	77	66	54
Funding level	135%	104%	115%

Note 14. Pensions and post-retirement medical benefits (continued)

The BHP Billiton Plc Group provides healthcare benefits, which are not pre-funded, for retired employees and their dependants in South Africa, the US, Canada and Suriname. The post retirement benefit charge, net of employees' and retirees' contributions paid, in respect of these benefits was US$5m including exchange differences (2000: US$5m) net of exchange gains of US$9m (2000: US$11m). The charge has been calculated in accordance with UK applicable accounting standards. Where there is a surplus or deficiency between the accrued liability and the provision recorded, the resulting amount is spread forward over future working lifetimes through the variation cost component as a level percentage of payroll. The main actuarial assumptions used in the most recent actuarial valuations of these benefits are as follows:

	South Africa	US	Canada	Suriname
Ultimate healthcare inflation rate	8%	5.5%	3%	5%
Discount rate	12%	7.75%	6.5%	6.5%

FRS17 Retirement Benefits

Whilst the SSAP 24 disclosure and measurement principles have been applied in accounting for pensions and post-retirement medical benefits in these financial statements FRS 17 "Retirement benefits" introduces new disclosure requirements for the first time. The aim of FRS 17 is to move from a long term approach under SSAP 24 to a market-based approach in valuing the assets and liabilities arising from an employer's retirement benefit obligations and any related funding.

The changes in accounting required to move from a SSAP 24 basis to a market value basis under FRS 17 are substantial. FRS 17 permits these new disclosure and measurement principles to be phased in over a three year period such that this year BHP Billiton Plc (parent entity) is required to solely provide balance sheet disclosures illustrating the pensions assets and liabilities that would have been booked had the measurement principles of FRS 17 been applied. The new disclosure requirements under FRS 17 are as follows.

The BHP Billiton Plc Group operates a number of defined benefit schemes in Canada, US, Europe and South Africa. Full actuarial valuations were carried out as at 28 June 2001 for many of them by local actuaries. For a minority of plans it has been necessary to roll forward liabilities calculated using earlier data. The major assumptions used by the actuary ranged from:

	Canada	US	Europe	South Africa
Salary increases	3.5%	5%	2% to 6%	7%
Pension increases	0%	0%	2% to 2.75%	3.25% to 3.5%
Discount rate	6.5%	7.75%	6%	8.25% to 8.5%
Inflation	2%	4%	2% to 2.75%	6%

The fair market values of the assets of the main defined benefit schemes at 28 June 2001 were (US$m):

	Canada	US	Europe	South Africa
Bonds	56	29	25	26
Equities	43	45	20	72
Property	0	0	0	0
Cash and net current assets	15	3	3	15
Total assets	114	77	48	113
Actuarial liabilities	86	81	75	71
Unrecognised surplus	12	0	0	0
Surplus (deficit) recognised	16	(4)	(27)	42
Related deferred tax (liability)/asset	(7)	1	8	(13)
Net pension asset (liability)	9	(3)	(19)	29

Note 14. Pensions and post-retirement medical benefits (continued)

The BHP Billiton Plc Group also operates a number of other post retirement benefit arrangements in South Africa, the US, Canada and Suriname. Full actuarial valuations were carried out as at 28 June 2001 for many of them by local actuaries. For a minority of plans it has been necessary to roll forward liabilities calculated using earlier data. The major assumptions used by the actuary ranged from:

	South Africa	US	Canada	Suriname
Ultimate healthcare inflation rate	8%	5.5%	3%	5%
Discount rate	12%	7.75%	6.5%	6.5%

The actuarial liabilities of the post-retirement schemes at 28 June 2001 were (US$m):

	South Africa	US	Canada	Suriname
Actuarial liabilities	94	29	27	18
(Deficit)	(94)	(29)	(27)	(18)
Related deferred tax asset	28	12	12	7
Net post-retirement (liability)	(66)	(17)	(15)	(11)

Note 15. Reconciliation of operating profits to net cash inflow from operating activities

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Operating profit	**964**	681	487
Merger costs	**(55)**	–	–
Depreciation and amortisation	**542**	385	351
Net exploration charge	**23**	41	41
Executive share award costs	**9**	10	4
Loss on sale of fixed assets	**21**	2	2
(Increase) in stocks	**(5)**	(13)	3
(Increase)/decrease in debtors	**(39)**	48	(23)
(Decrease) in creditors	**(70)**	(74)	(39)
(Decrease) in provisions	**(21)**	(40)	(31)
Net cashflow from BHP Billiton Plc Group operating activities	**1,369**	1,040	795

Note 16. Returns on investments and servicing of finance

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Interest paid	**(279)**	(192)	(176)
Dividends paid on subsidiary company preference shares	**(10)**	(11)	–
Interest received	**79**	60	78
Other dividends received	**25**	10	12
Dividends paid to minorities	**(31)**	(12)	(40)
Net cashflow from returns on investments and servicing of finance	**(216)**	(145)	(126)

Notes to the financial statements

Note 17. Capital expenditure and financial investment

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Purchases of tangible fixed assets	**(2,025)**	(873)	(664)
Exploration expenditure	**(65)**	(45)	(51)
Disposals of tangible fixed assets	**42**	34	42
Purchase of investments	**(374)**	(42)	(61)
Sale of investments	**22**	30	155
Net cashflow for capital expenditure and financial investment	**(2,400)**	(896)	(579)

Included within purchases of tangible fixed assets is US$1,482 million relating to the additional 56 per cent interest in Worsley alumina refinery and bauxite mine.

Note 18. Acquisitions and disposals

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Investment in subsidiaries	**(1,187)**	(8)	(1,116)
Sale of subsidiaries	**4**	–	33
Cash/overdraft acquired with subsidiary	**102**	–	(16)
Cash transferred on disposal	**(4)**	–	(25)
Investment in joint ventures	**(418)**	(34)	(32)
Disposal of joint venture	**12**	8	1
Net cashflow from acquisitions and disposals	**(1,491)**	(34)	(1,155)

Note 19. Management of liquid resources

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Decrease/(increase) in money market deposits	**365**	(232)	1,394
Net cash inflow/(outflow) from management of liquid resources	**365**	(232)	1,394

Note 20. Financing

	2001	2000 restated	1999 restated
	US$m	US$m	US$m
Debt due within one year – repayment of loans	**(424)**	(218)	(405)
Debt due within one year – drawdowns	**763**	275	136
Debt due after one year – repayment of loans	**(378)**	(38)	(466)
Debt due after one year – drawdowns	**2,047**	619	463
Capital element of finance lease payments	**(5)**	(9)	(10)
Subsidiary company preference shares	**–**	16	99
Net cash inflow from debt	**2,003**	645	(183)
Share repurchase scheme	**194**	(2)	(116)
Issue of shares	**656**	–	–
Net cashflow from financing	**2,853**	643	(299)

Notes to the financial statements

Note 21. Analysis of net debt

	At 30 June 1999 US$m	Cash flow US$m	Other non-cash movements US$m	Exchange movements US$m	At 30 June 2000 US$m	Acquisitions & disposals US$m	Cash flow US$m	Other non-cash movements US$m	Exchange movements US$m	**At 28 June 2001 US$m**
Cash at bank and in hand	202	104	–	(9)	297	127	136	–	(17)	**543**
Overdrafts	(109)	7	–	6	(96)	(29)	(125)	–	–	**(250)**
	93	111	–	(3)	201	98	11	–	(17)	**293**
Subsidiary company preference shares	(99)	(16)	–	13	(102)	–	–	–	16	**(86)**
Finance lease obligations	(52)	9	–	5	(38)	–	5	–	6	**(27)**
Other debt due within one year	(227)	(57)	(85)	6	(363)	(365)	(339)	(28)	40	**(1,055)**
Other debt due after one year	(965)	(581)	92	64	(1,390)	(300)	(1,669)	28	76	**(3,255)**
	(1,343)	(645)	7	88	(1,893)	(665)	(2,003)	–	138	**(4,423)**
Money market deposits	278	232	–	(1)	509	–	(365)	–	–	**144**
Total	(972)	(302)	7	84	(1,183)	(567)	(2,357)	–	121	**(3,986)**

The balance sheet movement in cash including money market deposits is as follows:

Cash at bank and in hand	202	104	–	(9)	297	127	136	–	(17)	**543**
Money market deposits	278	232	–	(1)	509	–	(365)	–	–	**144**
	480	336	–	(10)	806	127	(229)	–	(17)	**687**

Money market deposits with financial institutions have a maturity of up to three months.

Note 22. Related parties

BHP Billiton Plc Group companies have trading relationships with a number of joint ventures of the BHP Billiton Plc Group. In some cases there are contractual arrangements in place which require BHP Billiton Plc Group companies to source supplies from such undertakings or which require such undertakings to source supplies from BHP Billiton Plc Group companies. In the period 1 July 2000 to 28 June 2001, sales made by BHP Billiton Plc Group entities to such joint ventures amounted to US$266 million (2000: US$331 million; 1999: US$313 million) and purchases amounted to US$2 million (2000: US$2 million; 1999: US$17 million).

All transactions with joint ventures are undertaken in the normal course of business and under normal commercial terms and conditions.

Two Directors, Mr Gilbertson and Mr Davis (resigned 29 June 2001), were granted options to purchase properties owned by the BHP Billiton Plc Group, which they occupy rent free, at open market value at the time the option is exercised. The option period expired 6 October 2001.

Both Mr Gilbertson and Mr Davis have exercised the options granted to them.

Notes to the financial statements

Note 23. Contingent liabilities

BHP Billiton Plc Group

Samancor, together with its joint venture partners, has guaranteed the external borrowings of the Columbus joint venture which, at 28 June 2001, amounted to US$193 million (2000: US$245 million; 1999: US$288 million) in total. The BHP Billiton Plc Group has given guarantees to Compañía Minera Antamina joint venture and Minera Alumbrera Limited, an associate, at 28 June 2001 of US$370 million (2000: US$ nil; 1999: US$ nil) and US$5 million (2000: US$ nil; 1999: US$ nil) respectively. Other guarantees given by BHP Billiton Plc Group companies amounted to US$143 million (2000: US$90 million; 1999: US$80 million).

BHP Billiton Plc (parent entity)

BHP Billiton Plc (parent entity) has guaranteed financing facilities available to subsidiaries. As at 28 June 2001 such facilities totalled US$2,750 million (2000: US$1,500 million; 1999: US$1,500 million) of which US$1,400 million (2000: US$350 million; 1999: US$285 million) was drawn.

Under the terms of a deed poll guarantee the BHP Billiton Plc (parent entity) has guaranteed certain current and future liabilities of BHP Billiton Limited (parent entity). At 28 June 2001 the guaranteed liabilities amounted to US$3,267 million (2000: US$nil; 1999: US$nil).

Notes to the financial statements

Note 24. Summary of differences between UK and US generally accepted accounting principles ("GAAP")

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP"), which differ in certain material respects from generally accepted accounting principles in the United States ("US GAAP").

The following is a summary of the material adjustments to attributable profit (net income) and comprehensive income which would have been required to adjust for significant differences between UK and US GAAP.

Reconciliation of consolidated profit and loss account	Note	**2001** US$m	2000 US$m	1999 US$m
Attributable profit as reported under UK GAAP (a)		**608**	566	382
US GAAP adjustments:				
Business combinations	(i)	**(78)**	(51)	(57)
Pensions	(ii)	**(17)**	1	5
Post retirement benefits other than pensions	(iii)	**7**	(10)	–
Hedge accounting	(iv)	**(13)**	3	18
Synthetic accounting	(v)	**1**	(29)	(40)
Investments	(vi)	**(1)**	–	9
Start-up costs	(vii)	**(6)**	7	1
Shares held by Billiton Employee Share Ownership Trust	(viii)	**-**	4	–
Income taxes	(ix)			
• Secondary tax on companies		**(15)**	15	–
• Deferred taxation effect of US GAAP adjustments		**59**	13	24
Effect on minority interest of US GAAP adjustments		**5**	9	(4)
Sale of preferential rights	(x)	**(61)**	–	–
Other	(xi)	**(2)**	–	3
Net income under US GAAP before cumulative effect of change in accounting principle		**487**	528	341
Cumulative effect of change in accounting principle for derivatives and hedging activities, net of tax	(iv)	**(5)**	–	–
Net income under US GAAP after cumulative effect of change in accounting principle		**482**	528	341
Other comprehensive income				
Foreign currency translation adjustment		**–**	(7)	(10)
Investments	(vi)	**8**	(3)	–
Comprehensive income under US GAAP		**490**	518	331

(a) Comparative information for "Attributable profit as reported under UK GAAP" for 2000 and 1999 has been restated in accordance with our disclosure 'Application of new accounting standards and changes in accounting policies' as described on page F-194.

(b) Note 24. Summary of differences between UK and US generally accepted accounting principles ("GAAP") (continued)

The BHP Billiton Plc Consolidated Statement of Cash Flows has been prepared in accordance with UK accounting standard FRS1, the objectives and principles of which are similar to those set out in US accounting principle SFAS 95, Statement of Cash Flows. The principle differences between the standards relate to classification of items within the cash flow statement as well as the definition of cash and cash equivalents.

Under SFAS 95, dividends from joint ventures and associates, cash flows from returns on investments and servicing of finance, and tax paid are included in operating activities. In addition capital expenditure and acquisitions and disposals are included as investing activities and proceeds from issuance of shares, increases and decreases in debt and dividends paid are included as financing activities.

Under FRS1, cash is defined as cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Under SFAS 95, cash is defined as cash in hand and deposits but also includes cash equivalents, which are short term with original maturities of less than 3 months. The statement below shows the adjustments to be made to the UK GAAP cash flow statement to reclassify it to comply with US GAAP.

	2001 US$m	2000 US$m	1999 US$m
Net cash inflow/outflow from operating activities in accordance with UK GAAP	**1,369**	1,040	795
Dividends from joint ventures and associate undertakings	**163**	108	117
Returns on investments and servicing of finance	**(210)**	(143)	(98)
Tax paid	**(263)**	(140)	(119)
Net cash provided by operating activities in accordance with US GAAP	**1,059**	865	695
Capital expenditures	**(2,048)**	(884)	(673)
Acquisition and disposals	**(1,491)**	(34)	(1,155)
Net (purchase)/sale of investments	**(352)**	(12)	97
Net cash used in investing activities in accordance with US GAAP	**(3,891)**	(930)	(1,731)
Proceeds from issuance of ordinary shares	**850**	(2)	(116)
(Decrease)/increase in interest bearing liabilities	**2,157**	632	(183)
Equity dividends paid	**(277)**	(235)	(263)
Net cash provided by financing activities in accordance with US GAAP	2,730	395	(562)
Exchange translation effects	**(17)**	(4)	(1)
Net (decrease)/increase in cash and cash equivalents in accordance with US GAAP	**(119)**	326	(1,599)
Cash and cash equivalents at beginning of period	**806**	480	2,079
Cash and cash equivalents at end of period	**687**	806	480
At year end cash and cash equivalents is made up of:			
Cash at bank and in hand	**543**	297	202
Money market deposits*	**144**	509	278
Cash and cash equivalents at end of period	**687**	806	480

* Money market deposits with financial institutions have a maturity up to but not more than three months.

presented in US dollars and prepared in accordance with UK GAAP

Note 24. Summary of differences between UK and US generally accepted accounting principles ("GAAP") (continued)

Earnings per share (US$ cents)	**2001**	2000	1999
Earnings per share before cumulative effect of change in accounting principle	**21**	25	16
Earnings per share after cumulative effect of change in accounting principle	**21**	25	16

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the estimates of revenue and expenses. Accounting estimates are employed to determine reported amounts, including realisability, useful lives of tangible and intangible assets, income taxes and other areas. Actual results could differ from those estimates.

A summary of the principal differences applicable to the BHP Billiton Plc Group is set out below:

(i) Business combinations

Both UK and US GAAP require purchase consideration to be allocated to the net assets acquired at their fair value on the date of acquisition, with the difference between the consideration paid and the fair value of the identifiable net assets acquired recognised as goodwill. Under applicable UK GAAP, goodwill and negative goodwill arising on acquisitions subsequent to 1 July 1998 are capitalised and amortised or released to operating profit. Goodwill arising on acquisitions prior to that date remains set off against reserves. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal is calculated after charging or crediting the amount of any related goodwill previously taken directly to reserves or the unamortised balance of any goodwill capitalised. Under US GAAP, goodwill, which was previously written off against reserves under UK GAAP is capitalised and amortised over its estimated useful life.

In cases where traded equity securities are exchanged as consideration, UK GAAP requires the fair value of consideration to be determined at the date the transaction is completed, while US GAAP requires the fair value of such consideration to be determined at the date the acquisition is announced. This difference involving purchase consideration gave rise to additional goodwill under US GAAP, which is capitalised and amortised over its estimated useful life.

Additional goodwill also arises under US GAAP due to the recognition of deferred taxation on US GAAP fair value adjustments, which is capitalised and amortised over its estimated useful life.

(ii) Pensions

Under UK GAAP, the cost of providing pension benefits under defined benefit pension schemes is expensed over the average expected service lives of eligible employees in accordance with the provisions of SSAP 24. SSAP 24 aims to produce an estimate of cost based on long-term actuarial assumptions. Variations from the regular pension cost arising from, for example, experience deficiencies or surpluses, are charged or credited to the profit and loss account over the expected average remaining service lives of current employees in the schemes.

Under US GAAP, the annual pension cost for such schemes comprises the estimated cost of benefits accruing in the period as determined in accordance with SFAS 87, which requires readjustment of the significant actuarial assumptions annually to reflect current market and economic conditions.

(iii) Post retirement benefits other than pensions

Prior to 1 July 1998, as permitted under UK GAAP, post retirement benefits other than pensions were accounted for in accordance with local accounting practice in the country where the respective subsidiary operates. Subsequent to that date, these benefits have been accounted for in accordance with the provisions of SSAP 24, which are consistent with the provisions of SFAS 106 for purposes of US GAAP, except for certain specific scenarios such as in accounting for plan amendments.

Notes to the financial statements

Note 24. Summary of differences between UK and US generally accepted accounting principles ("GAAP") (continued)

Under UK GAAP, amendments to post retirement benefits provided are taken into account from the date upon which plan amendments are announced. Under US GAAP, plan amendments are only taken into account from the date upon which the plan amendments become effective.

(iv) Hedge accounting
Under UK GAAP, a derivative financial instrument qualifies for hedge accounting on the basis of whether or not the instrument is designated as a hedge of an existing exposure or a firm commitment. Under US GAAP, Statement of Financial Accounting Standard 133 (FAS 133) "Accounting for Derivative Instruments and Hedging Activities" has been issued and was adopted by the Company with effect from 1 July 2000. This standard establishes accounting and reporting standards for derivative instruments and for hedging activities. Previously under US GAAP, specific rules governed the application of hedge accounting and generally required the existence of an exposure arising from a firm commitment and the specific matching of the hedge to the hedged item. In the case of instruments, which effectively established minimum prices for designated future production, these instruments were recognised in revenue when the planned production was delivered. Instruments that did not meet these requirements were marked to market with gains and losses being recognised in the profit and loss account.

At the adoption date of FAS 133 on 1 July 2000, none of the Company's derivatives qualified for hedge accounting and they were thus marked to market, resulting in recognition of the cumulative effect of a change in accounting principle of $5 million, net of tax. As at 28 June 2001, none of the derivatives held by the Company qualify for hedge accounting. They have therefore, been marked to market with the associated gains and losses recognised in the profit and loss account in the current period. In addition, FAS 133 does not permit the hedging of transactions involving a company's shareholders equity as permitted under UK GAAP and, accordingly, the loss arising on the hedging of the Company's share issue proceeds, which was recorded directly in reserves under UK GAAP, has been recognised in the profit and loss account under US GAAP.

(v) Synthetic accounting
An operating subsidiary of the Company whose functional currency is the US dollar, has obtained financing in various foreign currencies. The operating subsidiary entered into forward exchange contracts to fix the exchange rate between the Rand and the foreign currencies. Under UK GAAP, all of the subsidiary's debt is treated as synthetic Rand debt which at each period end is retranslated to US dollars at the spot rate with the exchange gain or loss being included in the profit and loss account.

Under US GAAP, synthetic accounting would not be permitted. As a result, the foreign currency loans and forward exchange contracts would be accounted for separately. Foreign currency loans would be recorded at the exchange rate in effect on the date of the borrowing with gains and losses arising from exchange rate movements versus the US dollar, taken to the profit and loss account. The forward exchange contracts would be marked to market annually with the resulting gain or loss also taken to the profit and loss account. Whilst over time the aggregate gains and losses recognised in the profit and loss account would be the same as those recognised under UK GAAP, the timing of recognition will vary.

(vi) Investments
Under UK GAAP, certain investments in marketable securities are classified as exploration assets and carried at cost less provision for permanent impairment. Under US GAAP, such investments are classified as available for sale and marked to market with changes in fair value recognised as a component of comprehensive income. Upon disposal of any such investments, any realised gain or loss upon disposal is transferred from the component of other comprehensive income to income.

Note 24. Summary of differences between UK and US generally accepted accounting principles ("GAAP") (continued)

(vii) Start-up costs
UK GAAP allows for certain direct and indirect costs attributable to an operating facility, which are incurred during the construction and pre-commercial production period to be capitalised. Such costs are written off over the estimated useful life of the associated asset. Certain of these costs would not be permitted to be capitalised under US GAAP, and would be expensed as incurred.

(viii) Shares owned by Billiton Employee Share Ownership Trust
Under UK GAAP, shares in the Company held by the trust to satisfy contingent awards to shares arising from Billiton's long term share incentive plan are recorded as fixed asset investments. The cost of acquiring shares is recognised in the profit and loss account over the performance period of the awards, based on an assessment of the likelihood of the awards vesting. Under US GAAP, in accordance with FAS 123, "Accounting for Stock Based Compensation" these shares are recorded at cost and reflected as a deduction from shareholders' equity. In addition, under US GAAP, the fair value of each award made by the Billiton Employee Share Ownership Trust is charged to the profit and loss account over the vesting period of the respective award.

(ix) Income taxes
Deferred taxation effect of US GAAP adjustments

The application of US GAAP gives rise to a related deferred taxation adjustment due to a different book value being recognised for the related asset or liability under US GAAP as compared to UK GAAP. The major component of this adjustment arises due to the deferred tax effecting of fair value adjustments arising in business combinations under US GAAP.

Secondary tax on companies

Under UK GAAP, the proposed final ordinary dividends are recognised in the financial year to which they relate. In certain countries where the BHP Billiton Plc Group subsidiaries operate, a taxation charge equal to 12.5% of the total dividend declared is payable.

Under US GAAP, such dividends and the related tax charge are not recognised until the period in which they are formally declared.

(x) Sale of preferential rights
Under UK GAAP the Company recognised as a gain the disposal of a preferential interest in the expansion phase of a joint venture, which is yet to be constructed in which it has a continuing involvement. Under US GAAP, where a company has a continuing involvement in property being disposed of, the gain on sale is recognised via the percentage of completion method, as the asset is constructed.

(xi) Other
Other consists of other differences between UK GAAP and US GAAP that are considered insignificant to be quantified individually.

Joint Ventures and Joint Arrangements

Under US GAAP, the treatment of all investments classified as joint ventures, are accounted for under the equity method of accounting in accordance with Staff Accounting Bulletin Opinion 18. All joint arrangements are also proportionally accounted for in accordance with Emerging Issues Task Force Opinion ("EITF") 00-01 *Investor Balance Sheet and Income Statement Display under the Equity Method for Investments in Certain Partnerships and Other Ventures.*

The BHP Billiton Plc Group's investment in the Richards Bay Minerals joint venture is comprised of two legal entities Tisand (Pty) Limited and Richards Bay Iron and Titanium (Pty) Limited. Although the BHP Billiton Group owns 51 per cent of Tisand (Pty) Limited, it has not been consolidated under US GAAP in accordance with EITF 96-16 *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*. The substantive participating rights of the minority interests holder in Tisand (Pty) Limited are embodied in the shareholder agreement between the BHP Billiton Plc Group and Rio Tinto which ensures that the Richards Bay Minerals joint venture functions as a single economic entity with the overall profit of the Richards Bay Minerals joint venture shared equally between the venturers. The shareholders agreement also states that the parties agree that they shall as their first priority seek the best interests of the project as an autonomous commercial operation rather than seek to service the individual interests of any of the other parties.

Note 25. Subsequent Events – Dual Listed Companies ("DLC") merger

On 29 June 2001, BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, and BHP Billiton Limited (previously known as BHP Limited), an Australian listed company, entered into a Dual Listed Companies ("DLC") merger. This was effected by contractual arrangements between the companies and amendments to their constitutional documents. Under UK generally accepted accounting principles ("GAAP"), the DLC merger is treated as a business combination because a single economic entity has been formed, even though BHP Billiton Plc and BHP Billiton Limited remain separate legal entities and is accounted for using the merger method of accounting (pooling-of-interests) whereby all periods are presented as though BHP Billiton Plc and BHP Billiton Limited had been combined throughout; this is the basis upon which the statutory financial statements of BHP Billiton Plc were prepared.

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

BHP BILLITON LIMITED

/s/ CHRISTOPHER LYNCH

Name: **Christopher Lynch**
Title: **Chief Financial Officer**

Date: April 8, 2003

I, Charles Goodyear, certify that:

1. I have reviewed this annual report on Form 20-F/A of BHP Billiton Limited;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

/s/ Charles Goodyear	April 8, 2003
Charles Goodyear	Date
Chief Executive Officer	

I, Christopher Lynch, certify that:

1. I have reviewed this annual report on Form 20-F/A of BHP Billiton Limited;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

/s/ Christopher Lynch	April 8, 2003
Christopher Lynch Chief Financial Officer	Date