BHP Billiton Limited
(Single Parent Entity)
Financial Statements

ABN 49 004 028 077

For the year ended 30 June 2009

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This financial report covers BHP Billiton Limited (Single Parent Entity) as an individual entity. The financial report is presented in US Dollars, consistent with the functional currency of BHP Billiton Limited (Single Parent Entity).

BHP Billiton Limited (Single Parent Entity) is a company limited by shares, incorporated and domiciled in Australia. Its principal activities and operations are that of the holding entity of the BHP Billiton Limited Group of entities. Its registered office and principal place of business is:

BHP Billiton Limited
180 Lonsdale Street
Melbourne VIC 3000

BHP Billiton Limited (Single Parent Entity)
Income statement
For the year ended 30 June 2009

	Notes	**2009 US$M**	2008 US$M
Revenue	2	**8,211**	8,861
Other income	3	**14**	-
Expenses, excluding net finance costs	4	**(1,513)**	(4,763)
Financial income	4	**1,664**	804
Financial expense	4	**(676)**	(1,891)
Profit before taxation		**7,700**	3,011
Income tax credit	6	**430**	68
Profit after taxation		**8,130**	3,079
Profit is attributable to:			
Equity holders of BHP Billiton Limited (Single Parent Entity)		**8,130**	3,079

The accompanying notes form part of these financial statements.

BHP Billiton Limited (Single Parent Entity)
Statement of recognised income and expense
For the year ended 30 June 2009

	2009 US$M	2008 US$M
Amounts recognised directly in equity		
Actuarial losses on pension plans	**(11)**	(11)
Changes in fair value of shares in related parties (note 21)	**-**	(130)
Tax on items recognised directly in, or transferred from, equity	**(56)**	(48)
Net loss recognised directly in equity	**(67)**	(189)
Profit after taxation	**8,130**	3,079
Total recognised income and expense for the year	**8,063**	2,890

The accompanying notes form part of these financial statements.

BHP Billiton Limited (Single Parent Entity)
Balance sheet
As at 30 June 2009

	Notes	**2009 US$M**	2008 US$M
ASSETS			
Current assets			
Cash and cash equivalents	7	**-**	9
Receivables (a)	8	**23,449**	23,668
Other	9	**-**	7
Total current assets		**23,449**	23,684
Non-current assets			
Receivables (a)	10	**3,272**	3,183
Other financial assets (at cost)	11	**15,649**	14,506
Property, plant and equipment	12	**1**	1
Deferred tax assets	13	**454**	332
Other	14	**-**	183
Total non-current assets		**19,376**	18,205
Total assets		**42,825**	41,889
LIABILITIES			
Current liabilities			
Payables (a)	15	**22,511**	27,707
Provisions	16	**322**	267
Current tax payable	17	**1,413**	1,000
Total current liabilities		**24,246**	28,974
Non-current liabilities			
Payables (a)	18	**1,924**	2,040
Provisions	19	**689**	234
Total non-current liabilities		**2,613**	2,274
Total liabilities		**26,859**	31,248
NET ASSETS		**15,966**	10,641
EQUITY			
Share capital	20	**938**	938
Reserves	21	**329**	681
Retained earnings	22	**14,699**	9,022
Total equity		**15,966**	10,641

(a) The majority of these balances represent amounts which are receivable from and payable to controlled entities within the 'Group', being BHP Billiton Limited, BHP Billiton Plc and their respective controlled entities. BHP Billiton Limited (Single Parent Entity) has control of payments of these amounts and will manage them to ensure that at all times it has sufficient funds available to meet its commitments.

The accompanying notes form part of these financial statements.

BHP Billiton Limited (Single Parent Entity)
Cash flow statement
For the year ended 30 June 2009

	Notes	2009 US$M	2008 US$M
Operating activities			
Profit before taxation		**7,700**	3,011
Adjustments for:			
Employee share awards expense		**131**	62
Loss on cancellation of BHP Billiton Plc shares		**-**	4,008
Dividend income		**(7,956)**	(8,595)
Net finance costs		**(988)**	1,087
Impairment of investment in controlled entities		**58**	-
Debt forgiven - related entity		**28**	-
Loss on sale of related entity		**28**	-
Exceptional item - Newcastle closure		**508**	-
Changes in assets and liabilities			
Receivables		**(29)**	(28)
Other assets		**190**	(190)
Payables		**(26)**	(40)
Provisions		**(45)**	81
Cash generated from operations		**(401)**	(604)
Dividends received		**7,956**	8,595
Interest received		**646**	796
Interest paid		**(640)**	(970)
Income tax paid		**(2,208)**	(2,178)
Net operating cash flows		**5,353**	5,639
Investing activities			
Purchases of, or increased investment in, subsidiaries, net of their cash		**(1,201)**	(1,422)
Net investing cash flows		**(1,201)**	(1,422)
Financing activities			
Proceeds from ordinary share issues		**27**	24
Purchase of shares by Employee Share Ownership Plan Trusts		**(132)**	(230)
Share buy back - BHP Billiton Plc		**-**	(3,115)
Dividends paid		**(2,754)**	(1,881)
Net financing (to)/from related entities		**(1,302)**	188
Net financing cash flows		**(4,161)**	(5,014)
Net decrease in cash and cash equivalents		**(9)**	(797)
Cash and cash equivalents, net of overdrafts, at beginning of period		**8**	809
Effect of foreign currency exchange rate changes on cash and cash equivalents		**(1)**	(4)
Cash and cash equivalents at end of year	7	**(2)**	8

The accompanying notes form part of these financial statements.

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1 Summary of significant accounting policies

Basis of preparation, measurement and the principal accounting policies adopted in the preparation of the financial report are set out below.

Basis of preparation
This general purpose financial report for the year ended 30 June 2009 has been prepared in accordance with the requirements of the Corporations Act 2001 (the "Corporations Act"), and with:

- Australian Accounting Standards (AASBs), being Australian equivalents to International Financial Reporting Standards as issued by the Australian Accounting Standards Board (AASB) and Australian interpretations effective as at 30 June 2009;
- International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board effective as at 30 June 2009, and
- those standards and interpretations adopted early for each applicable reporting period as described below.

The above standards and interpretations are collectively referred to as 'IFRS' in this report.

Pursuant to Section 340 of the Corporations Act 2001, the Australian Securities and Investments Commission issued an order dated 8 September 2006 that granted relief from the requirement under the Corporations Act to distribute single entity financial statements of BHP Billiton Limited ("BHP Billiton" or the "Company") to its members. The Annual Report for the year ended 30 June 2009 of the BHP Billiton Group ("Group") is distributed to members and includes, in a note to the financial statements, the income statement, the balance sheet, the statement of recognised income and expense and cash flow statement of BHP Billiton (single parent entity). The relief order requires the single parent entity financial statements to be available on the Company's website and to be available to members by request free of charge.

The relief order also grants BHP Billiton relief from the following requirements of paragraph 295(2)(b) and subsection 296(1) of the Corporations Act 2001 concerning inclusions of the following information in the single parent entity financial statements:

(i) the consolidated financial statements of the BHP Billiton Group and notes thereto;

(ii) any segment information;

(iii) any earnings per share information;

(iv) any key management personnel disclosures required by paragraphs AUS 25.1 to AUS 25.9.3 of AASB 124 'Related Party Disclosures';

(v) the identity and country of incorporation of controlled entities; and

(vi) any other note disclosures required by accounting standards in relation to the single parent entity financial statements that are included in the full financial report of the BHP Billiton Group.

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 DLC arrangements, including dividend equalisation, are detailed in "Dual Listed Companies" structure and basis of preparation of financial statements" within note 1 "Accounting policies" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

The principal standards and interpretations that have been adopted for the first time in these financial statements are:

- 'Amendments to IFRS 1/AASB 1 First-time Adoption and IAS 27/AASB 127 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate', has been early adopted at 30 June 2009. It results in the removal of the definition of the cost method resulting in all dividends being recognised as income as well as prescribing accounting for new non-operating holding companies
- IFRIC 12/AASB Interpretation 12 'Service Concession Arrangements' addresses accounting for obligations undertaken and the rights received in service concession arrangements by service concession operators

1 Summary of significant accounting policies (continued)

Basis of preparation (continued)

- IFRIC 14/AASB Interpretation 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' provides guidance on how to assess the limit on the amount of the surplus that can be recognised as an asset for defined benefit funds in IAS 19/AASB 119 'Employee Benefits'

The adoption of the above mentioned standards and interpretations did not have a material impact on these financial statements.

The following standards and interpretations may have an impact on the Company in future reporting periods, but are not yet effective. These standards and interpretations are available for early adoption in the 30 June 2009 financial year but have not been applied in the preparation of these financial statements:

- Amendment to IFRS 2/AASB 2 'Share-based Payment' modifies the definition of vesting conditions and broadens the scope of accounting for cancellations
- Amendment to IFRS 3/AASB 3 'Business Combinations'. This amendment modifies the application of acquisition accounting for business combinations. Associated amendments to IAS 27/AASB 127 'Consolidated and Separate Financial Statements' change the accounting for non-controlling interests
- 'Improvements to IFRSs (2008)'/AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' and AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' include a collection of minor amendments to IFRS
- 'Improvements to IFRSs (2009)/AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' and AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' include a collection of minor amendments to IFRS
- Amendment to IFRS 2/AASB 2 'Group cash-settled share-based payment transactions'. These amendments classify the accounting for group cash settled share-based payment transactions

The potential impacts on the financial statements of BHP Billiton Limited (Single Parent Entity) of adopting these standards and interpretations have not yet been determined.

Basis of measurement

The financial report is drawn up on the basis of historical cost principles, and certain financial assets which are carried at fair value.

Functional currency and currency of presentation

All amounts are expressed in millions of US dollars, unless otherwise stated, consistent with the functional currency of BHP Billiton's operations. The Company's functional currency and presentation currency is the US dollar as this is the principal currency of the economic environment in which it operates. Transactions denominated in foreign currencies (currencies other than the functional currency of an operation) are recorded using the exchange rate ruling at the date of the underlying transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at year end and the gains or losses on retranslation are included in the income statement, with the exception of foreign exchange gains or losses on foreign currency provisions for site closure and rehabilitation, which are capitalised in property, plant and equipment for operating sites.

Change in accounting policy

The accounting policies set out below are consistent with those applied in the prior year.

1 Summary of significant accounting policies (continued)

Revenue

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

Dividend revenue
Dividend revenue from controlled entities is recognised when the dividends are declared by the controlled entities.

Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Royalty revenue and management fees
Royalty revenue and management fees are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the year end, and includes any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax assessment or deduction purposes. Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains tax purposes, that amount is included in the determination of temporary differences. The tax effect of certain temporary differences is not recognised, principally with respect to goodwill; temporary differences arising on the initial recognition of assets and liabilities (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit); and temporary differences relating to investments in subsidiaries, to the extent that BHP Billiton is able to control the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner and timing of realisation or settlement of the carrying amount of assets and liabilities, with the exception of items which have a tax base solely derived under capital gains tax legislation, using tax rates enacted or substantively enacted at period end. To the extent that an item's tax base is solely derived from the amount deductible under capital gains tax legislation, deferred tax is determined as if such amounts are deductible in determining future assessable income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and amended to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and BHP Billiton has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis.

Royalties and resource rent taxes are treated as taxation arrangements when they have the characteristics of a tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in expenses.

1 Summary of significant accounting policies (continued)

Taxation (continued)

Tax consolidation

BHP Billiton and its wholly owned Australian resident entities are taxed as a single entity. The head entity within the tax consolidated group is BHP Billiton. The entities within the tax consolidated group have entered into a tax sharing agreement and a tax contribution agreement with the head entity.

The accounting for taxes of each entity in the consolidated tax group are determined and recognised as if it continued to be a separately taxable entity in its own right. This method of accounting for taxes requires the calculation of income tax expense as if the entity had not been a member of the tax consolidated group.

Under the tax contribution agreement the entities in the tax consolidated group agree to pay a tax equivalent amount to BHP Billiton for current income tax payable or to receive a tax equivalent amount from BHP Billiton for current income tax receivable and/or tax losses.

The tax sharing agreement also provides the method of allocating tax liabilities should BHP Billiton default on its tax payment obligations.

Dividend franking account
Tax consolidation legislation requires a tax consolidated group to keep a single franking account. Accordingly, upon formation of the tax consolidated group, franking credits were transferred to the ultimate parent entity.

Leased assets

Assets held under leases which result in BHP Billiton receiving substantially all the risks and rewards of ownership of the asset (finance leases) are capitalised at the lower of the fair value of the property, plant and equipment or the estimated present value of the minimum lease payments.

The corresponding finance lease obligation is included within interest bearing liabilities. 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.

Operating lease assets are not capitalised and rental payments are included in the income statement on a straight-line basis over the lease term. Provision is made for the present value of 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 reduction of the liability.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment charges. Cost is the fair value of consideration given to acquire the asset at the time of its acquisition or construction and includes the direct cost of bringing the asset to the location and condition necessary for operation and the direct cost of dismantling and removing the asset.

Disposals
Disposals are taken to account in the income statement. Where the disposal involves the sale or abandonment of a significant business (or all of the assets associated with such a business), the gain or loss is disclosed as an exceptional item.

Depreciation of property, plant and equipment
The carrying amounts of property, plant and equipment (including the initial and subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. The major categories of property, plant and equipment are depreciated on a straight-line basis using estimated lives as follows:

• Buildings	25 to 50 years
• Land	not depreciated

1 Summary of significant accounting policies (continued)

Impairment of non-current assets

Formal impairment tests are carried out annually for goodwill. Formal impairment tests for all other assets are performed when there is an indication of impairment. At each reporting date, an assessment is made to determine whether there are any indications of impairment. BHP Billiton conducts annually an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less direct costs to sell for the asset and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement so as to reduce the carrying amount in the balance sheet to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale, net of direct selling costs, of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate to arrive at a net present value of the asset.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to BHP Billiton's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result (usually lower) to a fair value calculation.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions:	*Basis:*
Future production	Proved and probable reserves, resource estimates and, in certain cases, expansion projects
Commodity prices	Forward market and contract prices, and longer-term price protocol estimates
Exchange rates	Current (forward) market exchange rates
Discount rates	Cost of capital risk adjusted for the resource concerned

Finance costs

Finance costs are generally expensed as incurred except where they relate to the financing of construction or development of qualifying assets requiring a substantial period of time to prepare for their intended future use.

Finance costs are capitalised up to the date when the asset is ready for its intended use. The amount of finance costs capitalised (before the effects of income tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of capitalised expenditure for the qualifying assets during the period.

Closure and rehabilitation

The mining, extraction and processing activities of the BHP Billiton Group normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the BHP Billiton Group's environmental policies.

1 Summary of significant accounting policies (continued)

Closure and rehabilitation (continued)

Provisions for the cost of each closure and rehabilitation program are recognised at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling, conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors, such as the life and nature of the asset, the operating licence conditions, the principles of the BHP Billiton Group Charter and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements. The majority of the expenditure is expected to be paid over periods of up to 30 years with some payments into perpetuity.

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are specific to the country in which the operation is located. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, BHP Billiton Group environmental policies which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in property, plant and equipment and depreciated accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of the related assets, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the income statement. In the case of closed sites, changes to estimated costs are recognised immediately in the income statement. Changes to the capitalised cost result in an adjustment to future depreciation and financial charges. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include:

- revisions to estimated reserves, resources and lives of operations
- developments in technology
- regulatory requirements and environmental management strategies
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates
- movements in interest rates affecting the discount rate applied

Provision for employee benefits

Provision is made in the financial statements for all employee benefits, including on-costs. In relation to industry-based long service leave funds, BHP Billiton's liability, including obligations for funding shortfalls, is determined after deducting the fair value of deducted assets of such funds.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave obliged to be settled within 12 months of the reporting date are recognised in other creditors or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

1 Summary of significant accounting policies (continued)

Provision for employee benefits (continued)

The liability for long service leave for which settlement within 12 months of the reporting date cannot be deferred is recognised in the current provision for employee benefits and is measured in accordance with annual leave described above. The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The fair value at grant date of equity settled share awards granted on or after 8 November 2002 is charged to the income statement over the period for which the benefits of employee services are expected to be derived. The corresponding accrued employee entitlement is recorded in the employee share awards reserve. The fair value of awards is calculated using an option pricing model which considers the following factors:

- exercise price
- expected life of the award
- current market price of the underlying shares
- expected volatility
- expected dividends
- risk-free interest rate
- market-based performance hurdles

For equity settled share awards granted on or before 7 November 2002 and that remained unvested at 1 July 2004, the estimated cost of share awards is charged to the income statement from grant date to the date of expected vesting. The estimated cost of awards is based on the market value of shares at the grant date or the intrinsic value of options awarded, adjusted to reflect the impact of performance conditions, where applicable.

Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognised is proportionately reversed. Where BHP Billiton shares are acquired by on-market purchases prior to settling vested entitlements, the cost of the acquired shares is carried as treasury shares and deducted from equity. When awards are satisfied by delivery of acquired shares, any difference between their acquisition cost and the remuneration expense recognised is charged directly to retained earnings. The tax effect of awards granted is recognised in income tax expense, except to the extent that the total tax deductions are expected to exceed the cumulative remuneration expense. In this situation, the excess of the associated current or deferred tax is recognised in equity as part of the employee share awards reserve.

The accounting policy is applied with respect to all rights and options granted over BHP Billiton shares including those granted to employees of other Group companies. However, the cost of rights and options granted is recovered from subsidiaries of the Group where the participants are employed.

Superannuation, pensions and other post-retirement benefits

BHP Billiton operates or participates in a number of pension (including superannuation) schemes. The funding of the schemes complies with local regulations. The assets of the schemes are generally held separately from those of BHP Billiton and are administered by trustees or management boards.

For defined contribution schemes or those operated on an industry-wide basis where it is not possible to identify assets attributable to the participation by the BHP Billiton's employees, the pension charge is calculated on the basis of contributions payable.

1 Summary of significant accounting policies (continued)

Superannuation, pensions and other post-retirement benefits (continued)

For defined benefit schemes, the cost of providing pensions is charged to the income statement so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised in full directly in equity. An asset or liability is consequently recognised in the balance sheet based on the present value of defined benefit obligations, less any unrecognised past service costs and the fair value of plan assets, except that any such asset cannot exceed the total of unrecognised past service costs and the present value of refunds from and reductions in future contributions to the plan. Defined benefit obligations are estimated by discounting expected future payments using market yields at the reporting date. The discount rates are selected by reference to national government bonds. The bonds are selected with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

Financial instruments

All financial assets are initially recognised at the fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortised cost less impairment charges. Where non-derivative financial assets are carried at fair value, gains and losses on remeasurement are recognised directly in equity unless the financial assets have been designated as being held at fair value through profit, in which case the gains and losses are recognised directly in the income statement. Financial assets are designated as being held at fair value through profit when this is necessary to reduce measurement inconsistencies for related assets and liabilities. All financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate (initial cost) and subsequently carried at amortised cost.

Derivatives, including those embedded in other contractual arrangements but separated for accounting purposes because they are not clearly and closely related to the host contract, are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss on remeasurement depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The measurement of fair value is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on BHP Billiton's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates.

Forward exchange contracts held for hedging purposes are generally accounted for as cash flow hedges. Interest rate swaps held for hedging purposes are generally accounted for as fair value hedges. Derivatives embedded within other contractual arrangements and commodity based transactions executed through derivative contracts do not qualify for hedge accounting.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Any difference between the change in fair value of the derivative and the hedged risk constitutes ineffectiveness of the hedge and is recognised immediately in the income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, plant and equipment purchases) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a hedged forecast transaction is no longer expected to occur, the cumulative hedge gain or loss that was reported in equity is immediately transferred to the income statement.

1 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Available for sale and trading investments

Available for sale and trading investments are measured at fair value. Gains and losses on the remeasurement of trading investments are recognised directly in the income statement. Gains and losses on the remeasurement of available for sale investments are recognised directly in equity and subsequently recognised in the income statement when realised by sale or redemption, or when a reduction in fair value is judged to represent an impairment.

Application of critical accounting policies and estimates

The preparation of BHP Billiton's financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported revenue and expenses during the periods presented therein. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors that it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Further information concerning key sources of estimation and uncertainty that affect entities in the BHP Billiton Group including BHP Billiton, is detailed under "Application of Critical Accounting Policies and Estimates" within note 1 to the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

Rounding of amounts

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

Comparatives

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

2 Revenue

	2009 US$M	2008 US$M
Dividend income	**7,956**	8,595
Management fees received from controlled entities - performance rights	**56**	66
Management fees received from controlled entities - other	**168**	161
Guarantee fees	**31**	28
Other	**-**	11
	8,211	8,861

3 Other income

	2009 US$M	2008 US$M
Foreign exchange gains (net)	**14**	-

4 Expenses

	2009 US$M	2008 US$M
Expenses, excluding finance costs		
Employee benefits expense	**279**	268
External services	**164**	224
Impairment of investment in controlled entities	**58**	22
Information technology expenses	**11**	29
Foreign exchange loss (net)	**-**	166
Loss on sale of related entity (a)	**28**	-
Debt forgiven - related entity (a)	**28**	-
Exceptional items (note 5)	**802**	4,008
Other expenses from ordinary activities	**143**	46
	1,513	4,763
Financial expenses		
Discount on closure and rehabilitation provision	**29**	-
Interest and finance charges paid/payable to related parties	**639**	969
Other interest expense	**1**	1
Exchange differences on non US dollar denominated net debt	**-**	913
Discount on pension entitlements	**7**	8
Total financial expenses	**676**	1,891
Financial income		
Other interest income	**(44)**	-
Interest income from controlled entities	**(602)**	(796)
Return on pension plan assets	**(6)**	(8)
Exchange differences on non US dollar denominated net debt	**(1,012)**	-
Total financial income	**(1,664)**	(804)

(a) Divestment of investment in BHP Asia Pacific Nickel Pty Ltd.

5 Exceptional items

Exceptional items are those items where their nature and amount is considered material to the financial report. Such items included within BHP Billiton profit for the year are detailed below.

	Gross US$M	Tax US$M	Net US$M
Year ended 30 June 2009			
Newcastle steelworks rehabilitation (a)	508	(152)	356
Lapsed offer for Rio Tinto (b)	294	(62)	232
	802	(214)	588
Year ended 30 June 2008			
Loss on cancellation of BHP Billiton Plc shares (c)			
Value at time of cancellation	4,352	-	4,352
Revaluation writeback from reserve	(344)	-	(344)
Capital gains tax on cancellation of shares	-	89	89
	4,008	89	4,097

(a) BHP Billiton recognised a charge of US$508 million (US$152 million tax benefit) for additional rehabilitation obligation in respect of former operations at Newcastle Steelworks (Australia). The increase in the obligation relates to changes in the volume of sediment in the Hunter River requiring remediation and treatment, and increases in treatment costs.

(b) BHP Billiton Group's offers for Rio Tinto lapsed on 27 November 2008 following the Board's decision that it no longer believed that completion of the offers was in the best interests of BHP Billiton shareholders. BHP Billiton incurred fees of US$294 million associated with investment bankers', lawyers' and accountants' fees, printing expenses and other charges in progressing this matter over the eighteen months up to the lapsing of the offers which have been expensed in the year ended 30 June 2009. Further details in respect of this item are set out in note 3 "Exceptional items" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

(c) BHP Billiton acquired BHP Billiton Plc shares as part of a share buy back program of the BHP Billiton Group. Following the purchase, BHP Billiton Plc cancelled these shares on a periodic basis. On cancellation, the value of these shares is taken to the income statement in the BHP Billiton accounts. As these are transactions between BHP Billiton Group companies, there is no expense to the BHP Billiton Group. Cancellations of BHP Billiton Plc shares occurred as follows:

	No. Shares	Cost of Purchase US$M	Fair value at date of cancellation US$M
2008 Share cancellation			
July 2007	19,650,000	456	578
August 2007	18,786,714	476	517
October 2007	46,866,226	1,365	1,704
December 2007	24,522,510	888	813
February 2008	25,515,350	823	740
	135,340,800	**4,008**	**4,352**

6 Income tax credit

	2009 US$M	2008 US$M
(a) Income tax credit		
Current tax	**(220)**	2
Deferred tax (note 13)	**(210)**	(70)
	(430)	(68)
(b) Reconciliation between tax credit and pre-tax accounting profit		
Profit before taxation	**7,700**	3,011
Tax at the Australian tax rate of 30% (2008: 30%)	**2,310**	903
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable dividends	**(2,412)**	(2,579)
Withholding tax	**8**	10
Foreign exchange differences	**(284)**	285
Impairment of BHP Billiton Plc shares	**-**	1,203
Capital gains tax on cancellation of BHP Billiton Plc shares	**-**	89
Impairment of investment in controlled entities	**18**	-
Non-deductible transaction costs	**28**	-
Other items	**3**	23
	(329)	(66)
Income tax expense attributable to controlled entities	**1,667**	3,221
Income tax expense recovered from controlled entities	**(1,667)**	(3,221)
Over provision in prior years	**(23)**	(2)
Recognition of previously unrecognised capital loss	**(78)**	-
Total income tax credit	**(430)**	(68)

7 Current assets - Cash and cash equivalents

	2009 US$M	2008 US$M
Short term deposits	**-**	9
	-	9

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

	2009 US$M	2008 US$M
Balance as above	**-**	9
Bank overdrafts (note 15)	**(2)**	(1)
Balances per statement of cash flows	**(2)**	8

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

8 Current assets - Receivables

	2009 US$M	2008 US$M
Interest bearing receivables		
Receivable from related entities	**9,263**	10,813
Non-interest bearing receivables		
Receivable from related entities	**11,138**	10,406
Receivable from controlled entities - income tax	**2,915**	2,361
Other receivable	**129**	85
Employee share plan loans	**4**	3
	14,186	12,855
	23,449	23,668

Further details in respect of this note are set out in note 10 "Trade and other receivables" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

9 Current assets - Other

	2009 US$M	2008 US$M
Prepayments	**-**	7

10 Non-current assets - Receivables

	2009 US$M	2008 US$M
Interest bearing receivables		
Receivable from related entities	**3,011**	3,143
Non-interest bearing receivables		
Employee share plan loans	**24**	40
Receivable from related entities	**237**	-
	3,272	3,183

Further details in respect of this note are set out in note 10 "Trade and other receivables" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

11 Non-current assets - Other financial assets at cost

	2009 US$M	2008 US$M
Investments in controlled entities (a)	**15,649**	14,506

(a) The movement in investments primarily relates to additional equity funding to controlled entities.

12 Non-current assets - Property, plant and equipment

	2008 US$M
	Land and buildings US$M
At the beginning of the financial year	
Cost	1
Accumulated depreciation	-
At the end of the financial year	1

	2009 US$M
	Land and buildings US$M
At the beginning of the financial year	
Cost	1
Accumulated depreciation	-
At the end of the financial year	1

13 Non-current assets - Deferred tax

	2009 US$M	2008 US$M
Deferred tax assets	**454**	332
Movements:		
At the beginning of the financial year	**332**	210
Credit recorded in the income statement (note 6)	**210**	70
(Charge)/credit recorded directly in equity	**(88)**	52
At the end of the financial year	**454**	332

	Deferred tax assets 2009 US$M	Deferred tax assets 2008 US$M	**Charged/ (credited) to the income statement 2009 US$M**	Charged/ (credited) to the income statement 2008 US$M
Employee benefits	157	239	**58**	(93)
Closure and rehabilitation	229	69	**(152)**	(4)
Foreign exchange gains and losses	5	10	**5**	(4)
Depreciation	1	1	**1**	(3)
Other provisions	62	13	**(122)**	34
Total	**454**	332	**(210)**	(70)

13 Non-current assets - Deferred tax (continued)

Tax losses

At 30 June 2009, BHP Billiton has capital tax losses with a tax benefit of US$232 million (2008: US$114 million) that have an unlimited expiry period and have not been recognised.

Charge to equity

This represents the deferred tax on BHP Billiton employee share award entitlements which are yet to be exercised.

Australian franking credits

For further information, refer to note 9 "Dividends", of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

14 Non-current assets - Other

	2009 US$M	2008 US$M
Other deferred costs and charges	**-**	183

15 Current liabilities - Payables

	2009 US$M	2008 US$M
Interest bearing liabilities		
Unsecured bank overdrafts (note 34)	**2**	1
Payable to related entities	**9,905**	13,864
	9,907	13,865
Non-interest bearing liabilities		
Trade payables	**23**	22
Payable to related entities	**11,282**	12,375
Payable to controlled entities - income tax	**1,248**	1,367
Other payables	**51**	78
	12,604	13,842
	22,511	27,707

16 Current liabilities - Provisions

	2009 US$M	2008 US$M
Employee benefits (a)	**83**	171
Restructuring (b)	**16**	11
Closure and rehabilitation (c)	**219**	50
Other provisions	**4**	35
	322	267

(a) The current provision for employee benefits includes annual leave, long service leave entitlements expected to be settled within 12 months of the reporting date, incentives and bonuses and workers' compensation.

(b) The provision for restructuring and termination costs includes the present value of the directors' best estimate of the costs directly and necessarily caused by the restructuring that are not associated with the ongoing activities of the entity, including termination benefits.

(c) The provision represents rehabilitation obligations in respect of former operations at the Newcastle steelworks (Australia), now a closed site. For further information, refer to note 5 "Exceptional items" and note 1 "Summary of significant accounting policies".

Movements in current provisions

Movements in each class of provisions during the financial year are set out below:

	Employee benefits US$M	Restructuring US$M	Closure and rehabilitation US$M	Other US$M	Total US$M
At the beginning of the financial year	171	11	50	35	267
Charge/credit for the year:					
Underlying	40	8	169	-	217
Discounting	-	-	8	-	8
Exchange variations	(22)	(1)	18	-	(5)
Utilisation	(52)	(2)	(52)	-	(106)
Transfers (to)/from non-current	(54)	-	26	(31)	(59)
At the end of the financial year	83	16	219	4	322

17 Current liabilities - Current tax payable

	2009 US$M	2008 US$M
Current tax payable	**1,413**	1,000

18 Non-current liabilities - Payables

	2009 US$M	2008 US$M
Interest bearing liabilites		
Unsecured loan from related entities	**1,924**	1,923
Non-interest bearing liabilities		
Unsecured loan from related entities	**-**	117
	1,924	2,040

19 Non-current liabilities - Provisions

	2009 US$M	2008 US$M
Employee benefits (a)	**76**	22
Post-retirement employee benefits (b)	**38**	32
Closure and rehabilitation (c)	**544**	180
Other	**31**	-
	689	234

(a) The non-current provision for employee benefits includes long service leave entitlements expected to be settled beyond 12 months of the reporting date, dividend equivalent payments and workers' compensation.

(b) The provision for post-retirement employee benefits includes pension liabilities.

(c) The provision represents rehabilitation obligations in respect of former operations at the Newcastle steelworks (Australia), now a closed site. For further information, refer to note 5 "Exceptional items" and note 1 "Summary of significant accounting policies".

19 Non-current liabilities - Provisions (continued)

Movements in non-current provisions
Movements in each class of provisions during the financial year are set out below:

	Employee benefits US$M	**Post-retirement employee benefits US$M**	**Closure and rehabilitation US$M**	**Other US$M**	**Total US$M**
At the beginning of the financial year	22	32	180	-	234
Charge/credit for the year:					
Underlying	3	3	339	-	345
Discounting	-	1	21	-	22
Exchange variations	(3)	(5)	30	-	22
Expected return on pension scheme assets	-	6	-	-	6
Utilisation	-	(10)	-	-	(10)
Transfer (to)/from current	54	-	(26)	31	59
Actuarial losses taken to retained earnings	-	11	-	-	11
At the end of the financial year	76	38	544	31	689

Further details in respect of this note are set out in note 18 "Provisions" of the BHP Group Financial Statements for the year ended 30 June 2009.

20 Share capital

	2009 Shares	2008 Shares	**2009 US$M**	2008 US$M
Ordinary shares				
Fully paid	**3,358,359,496**	3,358,359,496	**938**	938
Partly paid to A$1.36	**110,000**	195,000	**-**	-
Special voting share of no par value	**1**	1	**-**	-
	3,358,469,497	3,358,554,497	**938**	938

Further details in respect of this note are set out in note 19 "Share capital" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

21 Reserves

	2009 US$M	2008 US$M
Asset revaluation reserve	-	31
General reserve	-	338
Employee share awards reserve	329	312
	329	681

	2009 US$M	2008 US$M
Financial asset reserve		
At the beginning of the financial year	-	130
Revaluation of shares in related parties	-	214
Capital gains tax on cancellation of shares	-	(89)
Cancellation of BHP Billiton Plc shares	-	(255)
At the end of the financial year	-	-

	2009 US$M	2008 US$M
Asset revaluation reserve		
At the beginning of the financial year	31	31
Transfer to retained earnings	(31)	-
At the end of the financial year	-	31

	2009 US$M	2008 US$M
General reserve		
At the beginning of the financial year	338	338
Transfer to retained earnings	(338)	-
At the end of the financial year	-	338

	2009 US$M	2008 US$M
Employee share awards reserve		
At the beginning of the financial year	312	228
Accrued employee entitlement for unvested awards	131	62
Deferred tax arising on accrued employee entitlement for unexercised awards	(88)	52
Employee share awards exercised following vesting	(26)	(30)
At the end of the financial year	329	312

Nature and purpose of reserves

Financial asset reserve
The financial asset reserve represents the revaluation of available for sale financial assets. Where a revalued financial asset is sold, the relevant portion of the reserve is recognised in the income statement.

Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment and other non-current assets.

21 Reserves (continued)

General reserve
The general reserve relates to accumulated transfers from other reserves.

Employee share awards reserve
The employee share awards reserve represents the accrued employee entitlements to share awards that have been charged to the income statement and have not yet been exercised.

22 Retained earnings

	2009 US$M	2008 US$M
At the beginning of the financial year	**9,022**	7,960
Profit for the year	**8,130**	3,079
Dividends paid (note 23)	**(2,754)**	(1,881)
Actuarial losses net of tax recognised through statement of recognised income and expense	**(8)**	(8)
Employee share awards exercised following vesting	**(60)**	(128)
Transfer from reserves	**369**	-
At the end of the financial year	**14,699**	9,022

23 Dividends

	2009 US$M	2008 US$M
Dividends paid during the period	**2,754**	1,881

Further details in respect of this note are set out in note 9 "Dividends" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

24 Financial risk management

BHP Billiton financial risk management strategy

The financial risks arising from the BHP Billiton operations are market risk, including risks associated with movements in interest rates and foreign currencies, liquidity risk and credit risk. These risks arise in the normal course of business, and BHP Billiton manages its exposure to them in accordance with the Group's Portfolio Risk Management Strategy. The objective of the strategy is to support the delivery of the Group's financial targets while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

A Cash Flow at Risk ('CFaR') framework is used to measure the aggregate and diversified impact of financial risks upon the Group's financial targets. The principal measurement of risk is the portfolio CFaR – which is defined as the worst expected loss relative to projected business plan cash flows over a one-year horizon under normal market conditions at a confidence level of 95 per cent, and includes Board-approved limits on the quantum of the CFaR relative to the Group's financial targets

Further details of the Group's financial risk management strategy and financial instruments are set out in note 30 "Financial risk management" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009. Financial risks specific to BHP Billiton are set out below.

24 Financial risk management (continued)

(a) Liquidity risk

BHP Billiton's liquidity risk arises from the possibility that it may not be able to settle or meet its obligations as they fall due and is managed as part of the Group's Portfolio Risk Management Strategy. The majority of the asset and liability balances are represented by amounts which are receivable from and payable to controlled entities within the BHP Billiton Group, being BHP Billiton Limited, BHP Billiton Plc and their controlled entities. The Company has control of payments of these amounts and will manage them to ensure that at all times it has sufficient funds available to meet its commitments. Further details of the Company's unused credit facilities and standby arrangements are set out in note 30 "Financial risk management" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009. The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Expected future interest payments US$M	**Other financial liabilities US$M**	**Total US$M**
2009			
Due for payment			
In one year or less on demand (a)	**493**	**22,511**	**23,004**
In more than one year but not more than two years	**121**	**1**	**122**
In more than two years but not more than three years	**121**	**-**	**121**
In more than three years but not more than four years	**102**	**1,100**	**1,202**
In more than four years but not more than five years	**53**	**200**	**253**
In more than five years	**332**	**623**	**955**
Carrying amount	**1,222**	**24,435**	**25,657**

	Expected future interest payments US$M	Other financial liabilities US$M	Total US$M
2008			
Due for payment			
In one year or less on demand (a)	745	27,707	28,452
In more than one year but not more than two years	121	117	238
In more than two years but not more than three years	121	-	121
In more than three years but not more than four years	121	-	121
In more than four years but not more than five years	102	1,100	1,202
In more than five years	384	823	1,207
Carrying amount	1,594	29,747	31,341

(a) Certain interest bearing liabilities payable to related entities have no fixed maturity and are payable on demand. These balances are not expected to be called in the 12 months to 30 June 2010. Contractual interest payments on such loans are presented based on a maturity date 12 months from year end.

24 Financial risk management (continued)

(b) Credit risk

Credit risk arises from the non-performance by counterparties of their contractual financial obligations towards the Company.

To manage credit risk, the BHP Billiton Group maintains group-wide procedures covering the application for credit approvals, granting and renewal of counterparty limits and daily monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The maximum exposure to credit risk is limited to the total carrying value of relevant financial assets on the balance sheet as at the reporting date. At reporting date, there are no receivables past due or impaired.

(c) Fair values

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost, as indicated in the tables below.

The carrying values of financial assets and liabilities are presented by class in the tables below, and approximate their fair values.

2009		Loans and receivables	Other financial assets and liabilities at amortised cost	Total
		US$M	US$M	US$M
Financial assets	**Note**			
Cash	7	-	-	-
Receivables	8,10	**157**	-	**157**
Related party receivables				
Current	8	**23,316**	-	**23,316**
Non-current (a)	10	**3,248**	-	**3,248**
Investments in controlled entities	11	-	**15,649**	**15,649**
Total financial assets		**26,721**	**15,649**	**42,370**
Non-financial assets	12,13			**455**
Total assets				**42,825**
Financial liabilities				
Trade and other creditors	15	-	**74**	**74**
Related party payables				
Current	15	-	**22,435**	**22,435**
Non-current (a)	18	-	**1,924**	**1,924**
Unsecured bank overdrafts	15	-	**2**	**2**
Total financial liabilities		-	**24,435**	**24,435**
Non-financial liabilities	16,17,19			**2,424**
Total liabilities				**26,859**

24 Financial risk management (continued)

2008		Loans and receivables US$M	Other financial assets and liabilities at amortised cost US$M	Total US$M
Financial assets	**Note**			
Cash	7	9	-	9
Receivables	8,10	128	-	128
Related party receivables				
Current	8	23,580	-	23,580
Non-current (a)	10	3,143	-	3,143
Investments in controlled entities	11	-	14,506	14,506
Total financial assets		26,860	14,506	41,366
Non-financial assets	9,12,13,14			523
Total assets				41,889
Financial liabilities				
Trade and other creditors	15	-	100	100
Related party payables				
Current	15	-	27,606	27,606
Non-current (a)	18	-	2,040	2,040
Unsecured bank overdrafts	15	-	1	1
Total financial liabilities		-	29,747	29,747
Non-financial liabilities	16,17,19			1,501
Total liabilities				31,248

(a) These balances represent amounts which are receivable from and payable to controlled entities within the BHP Billiton Group. The Company has control over payments of these amounts and will manage them to ensure that at all times it has sufficient funds available to meet its commitments. These balances are not expected to be called in the 12 months to 30 June 2010.

(d) Market risk

BHP Billiton activities expose it to risks associated with movements in interest rates and foreign currencies. Under the BHP Billiton Group strategy, BHP Billiton seeks to achieve financing costs and currency impacts on a floating or index basis. This strategy gives rise to a risk of variability in earnings which is managed under the CFaR framework.

In executing the strategy, financial instruments are potentially employed in the following activity:

Activity	**Key Risk Management Processes**
Opportunistic transactions may be executed with financial instruments to capture value from perceived market over/under valuations	• Exposures managed within Value at Risk and stop loss limits • Execution of transactions within approved mandates

Primary responsibility for identification and control of financial risks, including authorising and monitoring the use of financial instruments for the above activity and stipulating policy thereon, rests with the Group's Financial Risk Management Committee under authority delegated by the Group Management Committee.

Interest rate risk

BHP Billiton is exposed to interest rate risk on its outstanding borrowings and investments from the possibility that changes in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Interest rate risk for BHP Billiton is managed as part of the Group's Portfolio Risk Management Strategy and within the overall CFaR limit. Interest rate risk relating to intercompany balances is managed by Group Treasury.

24 Financial risk management (continued)

Based on the net debt position at 30 June 2009, it is estimated that a 1 percentage point increase in the US LIBOR interest rate will decrease BHP Billiton's profit before taxation by US$6 million (2008: US$31 million). The estimated impact on equity is US$5 million (2008: US$21 million). This assumes that the change in interest rates is effective from the beginning of the financial year and the fixed/floating mix and balances are constant over the year. However, interest rates and the debt profile of BHP Billiton are unlikely to remain constant in the coming financial year and therefore, such sensitivity analysis should be used with care.

Currency risk

The US dollar is the functional currency of BHP Billiton and as a result, currency exposures arise from transactions and balances in currencies other than the US dollar. The Company's potential currency exposures comprise:

- transactional exposure in respect of non-functional currency expenditure and revenues
- translational exposure in respect of non-functional currency monetary items

The principal non-functional currency to which BHP Billiton is exposed is the Australian dollar. The Company's net financial assets denominated in Australian dollars at 30 June 2009 amounted to US$1,931 million (2008: US$3,088 million net financial liabilities). Based on the Company's net financial assets and liabilities at 30 June 2009, a weakening of the US dollar against the Australian dollar as illustrated in the table below, with all other variables held constant, would have affected post-tax profit and equity as follows:

	Impact on post tax profit		**Impact on equity**	
	2009 US$M	2008 US$M	**2009 US$M**	2008 US$M
Currency movement				
1 cent movement in Australian dollar	**11**	(21)	**11**	(21)

The Company's financial asset and liability profile will not remain constant however, and therefore these sensitivities should be used with care.

(e) Capital management

Capital is managed for the Group as a whole and not for the individual Company. Refer to note 30 "Financial risk management" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009 for further details in respect of this note.

(f) Financing facilities

BHP Billiton is a party to a revolving credit facility. Refer to note 30 "Financial risk management" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009 for further details in respect of this note.

25 Key management personnel

Details in respect of this note are set out in note 32 "Key management personnel" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

26 Auditor's remuneration

The audit fee payable in respect of the audit of the BHP Billiton financial statements was a nominal amount. Details of fees for the Group as a whole are set out in note 36 "Auditor's remuneration" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

27 Contingent liabilities

Details of the contingent liabilities for the Group as a whole are set out in note 23 "Contingent liabilities" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

28 Commitments

Operating lease commitments

	2009 US$M	2008 US$M
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**9**	43
Later than one year but not later than five years	**31**	29
Later than five years	**4**	-
	44	72

Operating leases are entered into as a means of acquiring 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.

Other expenditure commitments

	2009 US$M	2008 US$M
Within one year	**29**	42
Later than one year but not later than five years	**10**	29
	39	71

Other expenditure commitments include the supply of goods and services.

Details of commitments for the Group as a whole are set out in note 24 "Commitments" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

29 Pensions and other post-retirement obligations

Defined contribution pension schemes and multi-employer pension schemes

BHP Billiton has contributed US$6 million (2008: US$7 million) to defined contribution plans and multi-employer defined contribution plans. These contributions are expensed as incurred.

Defined benefit pension schemes

The Company has closed the defined benefit scheme to new entrants. Full actuarial valuations are prepared and updated annually to 30 June by local actuaries for all schemes. The Projected Unit Credit valuation method is used. The BHP Billiton operates final salary schemes that provide final salary benefits only, non-salary related schemes that provide flat dollar benefits and mixed benefit schemes that consist of a final salary defined benefit portion and a defined contribution portion.

29 Pensions and other post-retirement obligations (continued)

BHP Billiton Superannuation Fund

The Company is the sponsoring entity for the BHP Billiton Superannuation Fund (the "Fund") in Australia, and as such the disclosures below relate to the fund as a whole. A full actuarial valuation is prepared by the local actuary and updated annually to 30 June. The Projected Unit Credit valuation method was used. The Fund provides final salary benefits, and mixed benefits that consist of a final salary defined benefit portion and a defined contribution portion. The following sets out details in respect of the Fund.

The costs associated with the BHP Billiton Superannuation Fund are recorded by each entity in the BHP Billiton Group based on their share of employees that participate in the Fund.

The amounts recognised in the balance sheets of the employer entities are determined as follows:

	2009 US$M	2008 US$M
Present value of funded defined benefit obligation	**345**	421
Fair value of defined benefit scheme assets	**(244)**	(357)
Deficit	**101**	64
Adjustment for employer contribution tax	**-**	-
Net liability recognised in the balance sheet	**101**	64

BHP Billiton has no legal obligations to settle this liability with any immediate contributions or additional one-off contributions. BHP Billiton intends to continue to contribute to the Fund in accordance with the latest recommendations of the actuary.

The amounts recognised in the income statement of Group companies that have employees that are members of the Fund are as follows:

	2009 US$M	2008 US$M
Current service cost	**22**	30
Interest cost	**20**	24
Expected return on scheme assets	**(17)**	(22)
Other	**-**	1
Total expense	**25**	33
Amounts recognised in the statement of recognised income and expense ("SORIE") of Group companies are as follows:		
Actuarial (gains)/losses (a)	**55**	21
Other adjustments	**-**	16
Total amount recognised in the SORIE	**55**	37
Total cumulative amount recognised in the SORIE (b)	**52**	(3)

(a) Actuarial gains are net of adjustments for employer contribution tax of US$15 million (2008: US$8 million)
(b) Cumulative amounts are calculated from the transition to IFRS on 1 July 2004.

The actual return on assets for the year ended 30 June are as follows:

Actual return on assets	**(32)**	(2)

29 Pensions and other post-retirement obligations (continued)

	2009 US$M	2008 US$M
The changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at beginning of year	**421**	358
Current service cost	**22**	30
Interest cost	**20**	24
Contributions by scheme participants	**1**	2
Actuarial (gains)/losses on benefit obligation	**6**	(3)
Benefits paid to participants	**(50)**	(47)
Expense payments	**(7)**	(7)
Other	**-**	16
Currency exchange (gains)/losses	**(68)**	48
Defined benefit obligation at end of year	**345**	421
The changes in the scheme assets are as follows:		
Fair value of scheme assets at beginning of year	**357**	339
Expected return on scheme assets	**17**	22
Actuarial gains/(losses) on scheme assets	**(49)**	(24)
Expenses paid from assets	**(7)**	(7)
Employer contributions	**31**	22
Contributions by scheme participants	**1**	2
Benefits paid	**(50)**	(47)
Other	**-**	4
Currency exchange gains/(losses)	**(56)**	46
Fair value of scheme assets at end of year	**244**	357

The fair values of defined benefit pension scheme assets segregated by major assets classes are as follows:	2009 US$M	2008 US$M
Bonds	**164**	237
Equities	**67**	93
Property	**10**	12
Other	**3**	15
Total	**244**	357

Scheme assets classified as 'Other' as at 30 June 2009 primarily comprise of investments in hedge funds and private equity.

The fair value of scheme assets includes no amounts relating to any of the Group's own financial instruments or any of the property occupied by, or other assets used by the Group.

The overall expected rate of return on assets is the weighted average of the expected rate of return on each applicable asset class and reflects the actual asset allocation as at the reporting date. For bonds, the expected rate of return reflects the redemption yields available on corporate and government bonds, as applicable, as at the reporting date. For all other asset classes, the expected rate of return reflects the rate of return expected over the long term.

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	2009	2008
Discount rate	**5.3 %**	6.5 %
Future salary increases	**3.8 %**	5.0 %
Expected rate of return on scheme assets	**6.4 %**	6.4 %

29 Pensions and other post-retirement obligations (continued)

The present value of defined benefit obligations, the fair value of scheme assets and associated experience adjustments are as follows:

Historic summary:

	2009 US$M	2008 US$M	2007 US$M	2006 US$M	2005 US$M
Present value of defined benefit obligation	**345**	421	358	357	355
Fair value of defined benefit scheme assets	**(244)**	(357)	(339)	(333)	(316)
Deficit in the scheme	**101**	64	19	24	39
Experience adjustments to scheme liabilities	**6**	(2)	5	(15)	(2)
Experience adjustments to scheme assets	**49**	24	(9)	9	29

Under AASB 119, experience adjustments to scheme liabilities do not include the effect of changes in actuarial assumptions.

Estimated employer contribution for the defined benefit pension scheme are as follows:

	US$M
Estimated employer contributions for the year ending 30 June 2010	26
Estimated contributions by scheme participants for the year ending 30 June 2010	1

30 Related parties

(a) Controlled and related entities

Information relating to controlled and related entities are contained in the following notes:

Note 2: Revenue

Note 4: Expenses

Note 5: Exceptional items

Note 8: Current assets - Receivables

Note 10: Non-current assets - Receivables

Note 11: Non-current assets - Other financial assets at cost

Note 15: Current liabilities - Payables

Note 18: Non-current liabilities - Payables

Note 27: Contingent liabilities

Further disclosures related to controlled entities are set out in note 27 "Subsidiaries" of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

(b) BHP Billiton Plc

On 29 June 2001, BHP Billiton (previously known as BHP Limited), an Australian listed Company, and BHP Billiton Plc (previously known as Billiton Plc), a UK Listed Company, entered into a Dual Listed Companies (DLC) merger. For an explanation of the DLC arrangements, refer to "Dual Listed Companies structure and basis of preparation of financial statements" in note 1 of the BHP Billiton Group Financial Statements for the year ended 30 June 2009.

30 Related parties (continued)

(c) Parent company guarantees

BHP Billiton Limited has guaranteed certain financing arrangements available to subsidiaries of US$5,721.015 million at 30 June 2009 (2008: US$4,062.070 million).

Under the terms of a deed poll guarantee, the Company has guaranteed certain current and future liabilities of BHP Billiton Plc. At 30 June 2009, the guaranteed liabilities amounted to US$14.000 million (2008: US$26.000 million).

BHP Billiton Limited and BHP Billiton Plc have severally, fully and unconditionally guaranteed the payment of the principal and premium, if any, and interest, including certain additional amounts which may be payable in respect of the notes issued by BHP Billiton Finance (USA) Ltd. BHP Billiton Limited and BHP Billiton Plc have guaranteed the payment of such amounts when such amounts become due and payable, whether on an interest payment date, at the stated maturity of the notes, by declaration or acceleration, call for redemption or otherwise. At 30 June 2009, the guaranteed liabilities amounted to US$6,825.000 million (2008: US$4,450.000 million).

(d) Letters of support

BHP Billiton has issued letters of comfort to certain subsidiary companies. The comfort letter ensures the subsidiary company is provided with the necessary level of financial support to pay existing and future debts if the subsidiary company is called upon to pay those debts and is unable to do so and if, but for the letter of comfort, the subsidiary company would become insolvent.

All transactions between related parties disclosed in this financial report were made on terms equivalent to those that prevail in an arm's length transaction.

31 Employee share awards

The amount of employee share awards recognised as an expense during the year amounted to US$79.955 million (2008: US$35.733 million).

32 Subsequent events

No matters or circumstances have arisen since the end of the year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Company in subsequent accounting periods.

Details of subsequent events for the Group as a whole are set out in note 37 "Subsequent events" of the BHP Billiton Group financial statements for the year ended 30 June 2009.

33 Non-cash financing and investing activities

	2009 US$M	2008 US$M
Employee share plan loan instalments	**9**	17

The Employee Share Plan loan instalments represent the repayment of loans outstanding with the Company, by application of dividends.

34 Financing facilities

	2009 US$M	2008 US$M
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount used (note 15)	**2**	1
Amount unused	**-**	7
	2	8

BHP Billiton Limited (Single Parent Entity)
Directors' declaration
30 June 2009

As stated in note 1 to the financial statements, the Directors have prepared this financial report in accordance with the Australian Securities and Investments Commission order dated 8 September 2006, which granted relief from specific requirements of paragraph 295(2)(b) and subsection 296(1) of the *Corporations Act 2001*.

In accordance with a resolution of the Directors of BHP Billiton Limited, the Directors declare that:

(a) the financial statements and notes set out on pages 2 to 36 are in accordance with the *Corporations Act 2001*, including:

    (i) complying with the Australian Accounting Standards and Corporations Regulations 2001 as modified by the relief order issued by the Australian Securities and Investments Commission as disclosed in note 1; and

    (ii) giving a true and fair view of the financial position of BHP Billiton Limited as at 30 June 2009 and of its performance for the financial year ended on that date; and

(b) In the Directors' opinion there are reasonable grounds to believe that BHP Billiton Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

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

D R Argus

Chairman

M Kloppers

Chief Executive Officer

Dated this 8th day of September 2009

KPMG

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The Risk & Audit Committee
BHP Billiton Limited
BHP Billiton Centre
180 Lonsdale Street
Melbourne VIC 3000

8 September 2009

Dear Sirs

Auditor Independence

We have been engaged to audit the consolidated financial statements of BHP Billiton Limited ("the Company") for the year ended 30 June 2009.

As we are Registered Auditors in Australia ("Australia") and the Company is registered with the Securities and Exchange Commission ("SEC"), we are required to follow the Australian Code of Ethics for Professional Accountants, the Corporations Act 2001, US professional standards and other US regulatory requirements. All of these require that we communicate at least annually with you regarding all relationships between KPMG ("the Firm") and its associated entities and BHP Billiton Limited, BHP Billiton Plc and their controlled subsidiaries ("the Group") and provide confirmation that we are independent accountants with respect to the Group.

We have prepared the following comments to support the confirmation on independence matters provided at the Risk and Audit Committee meeting on 12 August 2009.

KPMG is committed to being and being seen to be independent. As part of our ethics and independence policies and processes, all Partner, Directors and staff annually confirm their compliance with our Ethics and Independence Policy. Our Ethics and Independence Policy is consistent with the Australian Code of Ethics for Professional Accountants and the Corporations Act 2001, by which we are regulated.

Our compliance and monitoring processes include:

- seeking annual confirmation from all partners and professional staff requiring them to confirm that they have complied with the independence requirements of the Firm; and
- monitoring the financial interests of all partners and managers using an electronic monitoring system.

For the purposes of this letter we have made enquiries of all KPMG teams providing services to the Group and of those in the Firm responsible for compliance matters.

Our position in relation to other matter which may be considered to bear on our independence is set out below.

Non-audit services provided to the Group

We have circulated the content of the Risk and Audit Committee's policy "Provision of Audit and Other Services by the External Auditor" to all our reporting offices and discussed the importance and implications thereof. We have also instigated various processes and procedures to ensure we maintain compliance with the principles of the policy at all times to enable us to confirm positively our independence to the Risk and Audit Committee.

We believe that the processes implemented by management and ourselves are appropriate and we have not observed any compliance issues.

We are also satisfied that our general procedures support our independence and objectivity in relation to non-audit services.

During the period 1 July 2008 through to the date of this letter, we have not carried out any professional engagements for the Group which would impair our professional independence as auditor. The services and amounts billed to the Group during the period have been separately provided to the Risk and Audit Committee in our quarterly "Other Services" reporting.

Rotation of audit partners

No partners have served on the Group audit for any periods that would cause problems in the context of current or proposed regulations.

Unresolved disagreements

We will report any unresolved disagreements with management at the conclusion of our audit. This will be reported at the Board meeting on 8 September 2009.

Financial interests

As your auditor, direct and indirect investment in the shares of the Company, BHP Billiton Plc or its controlled entities are prohibited under both SEC and Australian independence requirements as well as KPMG internal requirements for:

- All KPMG Partners worldwide;
- Professional staff on the audit engagement;
- Professional staff who have management or oversight responsibility over the audit, or evaluate the performance of the partner; and
- Managers providing more than 10 hours of non-audit service to the Group.

Restrictions also extend to relevant spouses and dependants of those above.

Based on the results of our compliance monitoring processes, we are not aware of any instances of non-compliance with these requirements in relation to this engagement.

Other relationships

We are not aware of any situations where a spouse or close relative of an Audit partner or staff members involved in the audit occupies a position as a director or executive of an entity within the Group which is significant to the audit.

We are not aware of any situations where an Audit partner or staff member has accepted a position of employment with an entity within the Group in an executive or managerial capacity during or since the end of the financial year.

Other relationships previously advised

We have previously advised the Committee of the past relationship KPMG had with the following BHP Billiton personnel:

David Crawford

Andrew Chadwick

Audit team compensation

We confirm that the remuneration of key individuals employed by KPMG who are performing the audit of the Group is not tied to the level of fees earned by KPMG for the provision of non-audit services to the Group.

Independence declaration

We are required to provide the Directors with a declaration of independence under section 307C of the Corporations Act 2001 and we anticipate providing the Board with an unqualified declaration on the 8 September 2009.

Conclusion

We confirm that as at the date of this letter for the audit of the financial statements of the Company for the year ended 30 June 2009, we are independent accountants under:

(a) the Australian Code of Ethics for Professional Accountants and the provisions of the Corporations Act 2001; and

(b) all relevant US professional and regulatory standards.

This report is intended solely for the use of the Risk and Audit Committee, the Board of Directors, management, and others within the Company and should not be used for any other purpose.

We will be pleased to discuss with you the matters addressed in this letter as well as other matters that may be of interest to you at the forthcoming Risk and Audit Committee meeting. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours faithfully

KPMG

Peter Nash
Partner

KPMG

Independent auditor's report to the members of BHP Billiton Limited

Report on the financial report

We have audited the accompanying financial report of BHP Billiton Limited (the "Company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 34 and the Directors' declaration set out on pages 2 to 37.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 as modified by the relief order issued by the Australian Securities and Investments Commission as disclosed in Note 1. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations) as modified by the relief order issued by the Australian Securities and Investments Commission as disclosed in Note 1, a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion the financial report of BHP Billiton Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 as modified by the relief order issued by the Australian Securities and Investments Commission as disclosed in Note 1.

KPMG

KPMG

Peter Nash
Partner

Melbourne

8 September 2009