



Date 30 September 2003

**BHP BILLITON LIMITED ANNUAL REPORT 2003 - COMBINED FINANCIAL
STATEMENTS**

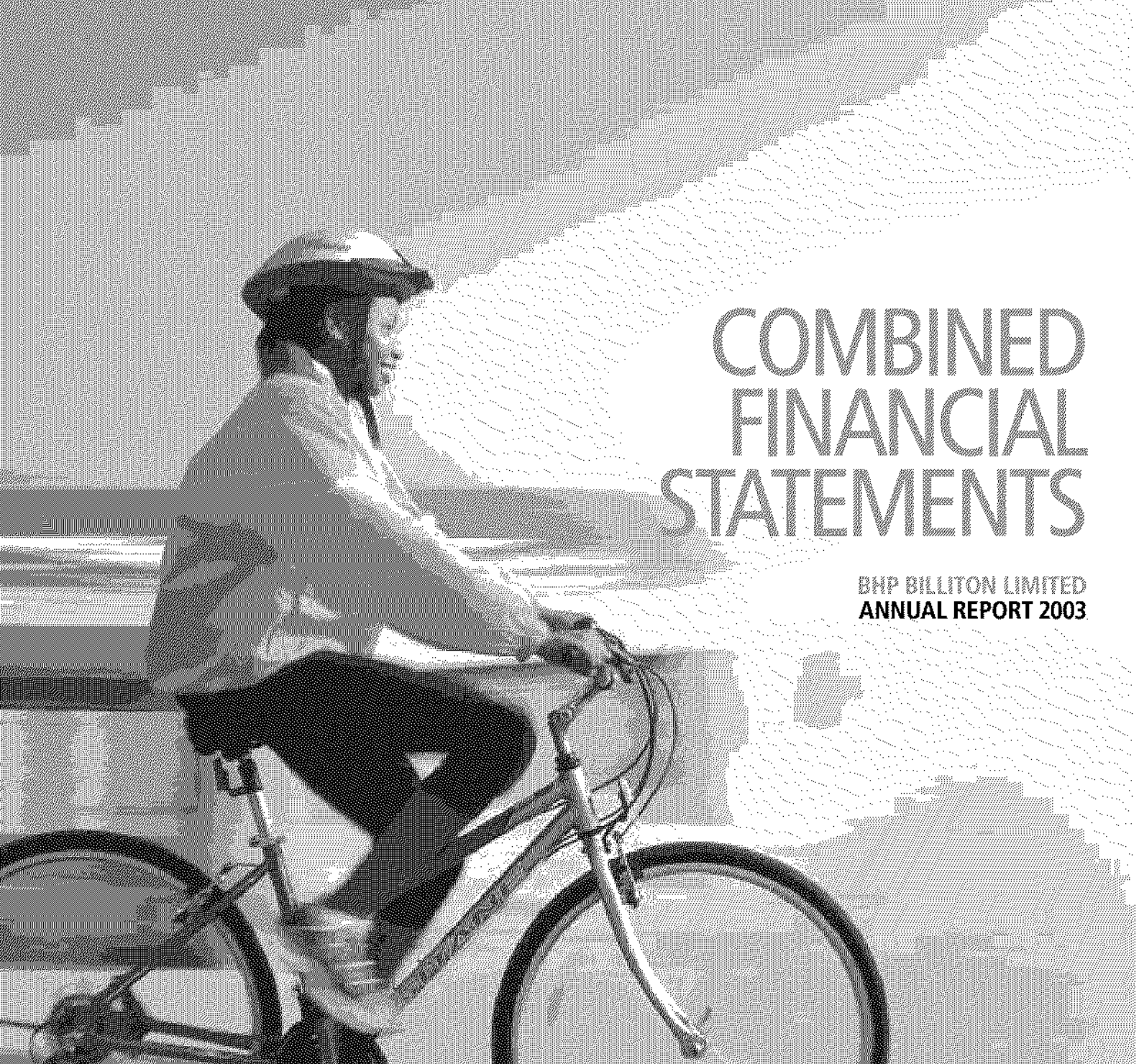
Please find attached the BHP Billiton Limited Annual Report 2003-Combined Financial Statements. May also be viewed on the BHP Billiton Group website www.bhpbilliton.com, and will be mailed to shareholders early in October 2003.

Karen Wood - Company Secretary

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A member of the BHP Billiton group which is headquartered in Australia

A large black and white photograph of a woman wearing a hard hat and a safety vest, riding a bicycle on a construction site. The background shows a large, curved concrete structure under construction.

COMBINED FINANCIAL STATEMENTS

BHP BILLITON LIMITED
ANNUAL REPORT 2003



bhpbilliton

About this Report

BHP Billiton is a Dual Listed Company comprising BHP Billiton Limited and BHP Billiton Plc. The two entities continue to exist as separate companies but operate as a combined group known as BHP Billiton.

The headquarters of BHP Billiton Limited and the global headquarters of the combined BHP Billiton Group are located in Melbourne, Australia. BHP Billiton Plc is located in London, UK. Both companies have identical Boards of Directors and are run by a unified management team. Throughout this Report the Boards are referred to collectively as the Board. Shareholders in each company have equivalent economic and voting rights in the BHP Billiton Group as a whole.

The laws in Australia and the UK require us to adopt a different approach to reporting results. These Combined Financial Statements deal with the affairs of the BHP Billiton Group.

Throughout this Report, the terms BHP Billiton, the Company and the Group refer to the combined group, including both BHP Billiton Limited and subsidiary companies and BHP Billiton Plc and subsidiary companies. The term 'the merger' has a corresponding meaning.

Copies of the Annual Reports for BHP Billiton Plc and BHP Billiton Limited (Concise Report and Combined Financial Statements) can be found on www.bhpbilliton.com. Shareholders may also request a copy by telephoning 1300 656 780 (within Australia) or (61 3) 9649 5020 (from elsewhere).

The financial results of the BHP Billiton Group prepared in accordance with US Generally Accepted Accounting Principles (GAAP) are provided in the 'BHP Billiton Plc Annual Report 2003' (which is prepared in accordance with UK GAAP), or in the 2003 Annual Report of BHP Billiton Limited which will be filed on Form 20-F with the US Securities and Exchange Commission. The 'BHP Billiton Plc Annual Report 2003' and the 2003 Form 20-F will be provided to shareholders on request and free of charge and will be available on the BHP Billiton Group's website www.bhpbilliton.com.

BHP Billiton Limited, ARN 49 004 028 077. Registered in Australia. Registered Office: 180 Lonsdale Street, Melbourne-Victoria 3000 Australia.
BHP Billiton Plc. Registration Number 3196209. Registered in England and Wales. Registered Office: Neathouse Place, London SW1V 1BH UK.

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Auditors: PricewaterhouseCoopers and KPMG

Statement of Financial Performance

for the year ended 30 June 2003

	Notes	2003 US\$M ^(a)	2002 US\$M ^{(a)(b)}
Revenue from ordinary activities			
Operating revenue	4	15 608	15 896
Non-operating revenue	4	941	1 171
	10	16 549	17 067
<i>deduct</i>			
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	5	11 730	12 564
		4 819	4 503
<i>add</i>			
Share of net profit of joint venture and associated entities accounted for using the equity method	10,18	164	223
		4 983	4 726
<i>deduct</i>			
Depreciation and amortisation	6	1 689	1 769
Borrowing costs	7	511	350
Profit from ordinary activities before income tax	8,10	2 783	2 607
<i>deduct</i>			
Income tax expense attributable to ordinary activities	9	883	912
Net profit		1 900	1 695
<i>deduct</i>			
Outside equity interests in net profit of controlled entities		40	47
Net profit attributable to members of the BHP Billiton Group		1 860	1 648
Net exchange fluctuations on translation of foreign currency net assets and foreign currency interest bearing liabilities net of tax		67	25
Total direct adjustments to equity attributable to members of the BHP Billiton Group		67	25
Total changes in equity other than those resulting from transactions with owners	35	1 927	1 673
Basic earnings per share (US cents)	12	30.0	27.3
Diluted earnings per share (US cents)	12	29.9	27.3

(a) Financial information for 2003 and 2002 represents the financial performance of the BHP Billiton Group (Refer 'Dual Listed Companies structure and basis of preparation of financial statements').

(b) Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Statement of Financial Performance for the year ended 30 June 2002 includes results of BHP Steel. Refer note 3.

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2003

	Notes	2003 US\$M ^(a)	2002 US\$M ^{(a)(b)}
Current assets			
Cash assets	36	1 552	1 499
Receivables	13	2 177	2 294
Other financial assets	14	143	117
Inventories	15	1 328	1 419
Other assets	16	129	99
Total current assets		5 329	5 428
Non-current assets			
Receivables	17	897	889
Investments accounted for using the equity method	18	1 403	1 505
Other financial assets	19	150	581
Inventories	20	51	38
Property, plant and equipment	21	19 780	20 146
Intangible assets	22	466	513
Deferred tax assets	9	447	480
Other assets	23	354	282
Total non-current assets		23 548	24 434
Total assets	10	28 877	29 862
Current liabilities			
Payables	24	2 362	2 435
Interest bearing liabilities	25	898	1 797
Tax liabilities		309	493
Other provisions and liabilities	26	1 141	1 116
Total current liabilities		4 710	5 841
Non-current liabilities			
Payables	27	195	121
Interest bearing liabilities	28	6 426	6 383
Deferred tax liabilities	9	1 434	1 600
Other provisions and liabilities	29	3 351	2 764
Total non-current liabilities		11 406	10 868
Total liabilities	10	16 116	16 709
Net assets		12 761	13 153
Contributed equity – BHP Billiton Limited	30	1 785	3 143
Called up share capital – BHP Billiton Plc	30	1 732	1 752
Reserves	32	362	471
Retained profits	33	8 558	7 455
Total BHP Billiton interest		12 437	12 821
Outside equity interests	34	324	332
Total equity	35	12 761	13 153

^(a) Financial information for 2003 and 2002 represents the financial position of the BHP Billiton Group (Refer 'Dual Listed Companies structure and basis of preparation of financial statements').

^(b) Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Statement of Financial Position as at 30 June 2002 includes assets and liabilities of BHP Steel. Refer note 3.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2003

	Notes	2003 US\$M ^(a)	2002 US\$M ^{(a)(b)}
Cash flows related to operating activities			
Receipts from customers		15 415	16 129
Payments to suppliers, employees, etc.		(10 623)	(11 586)
Dividends received		212	187
Interest received		36	156
Borrowing costs (includes capitalised interest)		(411)	(525)
Operating cash flows before income tax		4 629	4 361
Income taxes paid		(1 002)	(606)
Refund of income taxes paid		–	91
Net operating cash flows	36	3 627	3 846
Cash flows related to investing activities			
Purchases of property, plant and equipment		(2 571)	(2 481)
Exploration expenditure (includes capitalised exploration)		(348)	(390)
Purchases of investments and funding of joint ventures		(95)	(321)
Purchases of, or increased investment in, controlled entities and joint venture interests net of their cash		–	(45)
Investing cash outflows		(3 014)	(3 237)
Proceeds from sale of property, plant and equipment		99	200
Proceeds from sale or redemption of investments		560	232
Proceeds from demerger or sale of controlled entities, joint venture and associated entities' interests net of their cash		405	145
Net investing cash flows		(1 950)	(2 660)
Cash flows related to financing activities			
Proceeds from ordinary share issues		172	140
Proceeds from interest bearing liabilities		3 698	3 975
Repayment of interest bearing liabilities		(4 121)	(4 331)
Redemption of secured Employee Share Plan program		–	(134)
Purchase of shares under Share Buy-Back program		(20)	(19)
Dividends paid		(830)	(811)
Dividends paid to outside equity interests		(38)	(20)
Other		1	5
Net financing cash flows		(1 138)	(1 195)
Net increase/(decrease) in cash and cash equivalents		539	(9)
Cash and cash equivalents at beginning of period		990	998
Effect of foreign currency exchange rate changes on cash and cash equivalents		2	1
Cash and cash equivalents at end of period	36	1 531	990

^(a) Financial information for 2003 and 2002 represents the financial performance of the BHP Billiton Group (Refer 'Dual Listed Companies structure and basis of preparation of financial statements').

^(b) Effective July 2002, the BHP Steel business was demerged from the BHP Billiton Group. The Statement of Cash Flows for the year ended 30 June 2002 includes cash flows of BHP Steel. Net operating cash flows for BHP Steel for that year amounted to US\$282 million. Refer note 3.

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 Limited (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. 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 Limited and its subsidiaries (the BHP Billiton Limited Group) and BHP Billiton Plc and its subsidiaries (the BHP Billiton Plc 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 Limited and BHP Billiton Plc have a common economic interest in both Groups;
- The shareholders of BHP Billiton Limited and BHP Billiton Plc 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 Limited and BHP Billiton Plc 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 Limited and BHP Billiton Plc 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 Limited or BHP Billiton Plc 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 Limited or BHP Billiton Plc 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 Limited or BHP Billiton Plc, any change of ownership of any existing shares or securities of BHP Billiton Limited or BHP Billiton Plc, 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 Limited and one share in BHP Billiton Plc 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

In accordance with the Australian Securities and Investments Commission (ASIC) Practice Note 71 'Financial Reporting by Australian Entities in Dual-Listed Company Arrangements', and an order issued by ASIC under section 340 of the Corporations Act 2001 on 2 September 2002, this annual financial report presents the financial results of the BHP Billiton Group as follows:

- Results for the years ended 30 June 2003 and 30 June 2002 are of the combined entity including both BHP Billiton Limited and its subsidiary companies and BHP Billiton Plc and its subsidiary companies;
- Results are presented in US dollars unless otherwise stated; and
- Results of the single parent entity, BHP Billiton Limited, are presented in note 48 to the financial statements.

The full single parent entity financial statements of BHP Billiton Limited are available on the Company's website (www.bhpbilliton.com) and are available to shareholders on request free of charge.

Notes to Financial Statements

1 Statement of accounting policies

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

Basis of accounting

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

Principles of consolidation

The financial statements of the economic entity referred to as the BHP Billiton Group include the combination of both BHP Billiton Limited and its subsidiary companies and BHP Billiton Plc and its subsidiary companies. In preparing the financial statements of the BHP Billiton Group, the effects of all transactions between entities within the BHP Billiton Group have been eliminated.

Changes in accounting policies

Accounting standards and policies have been consistently applied by all entities in the BHP Billiton Group and are consistent with those applied in the prior year except for:

Provisions, employee entitlements and contingent liabilities

Revised Australian Accounting Standard AASB 1028 'Employee Entitlements' was first adopted from 1 July 2002, which resulted in the Group calculating employee benefit liabilities using remuneration rates expected to be paid when the liabilities are settled, rather than remuneration rates at balance date. The financial effect of the change in policy as at 1 July 2002 was a charge to net profit for the year ended 30 June 2003 of US\$6 million.

In addition, Australian Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' was first adopted from 1 July 2002 which resulted in the Group no longer disclosing contingent liabilities where the likelihood of the transfer of future economic benefit is remote. This change in policy had no impact on net profit for the year ended 30 June 2003.

Foreign currency translation

Revised Australian Accounting Standard AASB 1012 'Foreign Currency Translation' was first adopted from 1 July 2002.

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the Statement of Financial Position from the inception of the hedge contract, rather than when the specific purchase or sale occurs.

At 30 June 2003, for foreign currency hedge contracts the Group has recognised deferred costs of US\$9 million, deferred exchange gains of US\$104 million and a net foreign currency receivable of US\$95 million. There was no impact on opening retained profits at 1 July 2002 or on net profit for the year ended 30 June 2003.

Disclosure of components of borrowing costs, interest revenue and income tax expense

The BHP Billiton Group calculates foreign exchange gains and losses in accordance with AASB 1012. In prior years, a net foreign exchange gain or loss arising from the restatement of non-US dollar monetary balances by Group entities that have a US dollar functional currency, has been disclosed as a single net amount included in profit from ordinary activities

before income tax. In the current year, the components of this amount that relate to the restatement of borrowings, short-term deposits and tax balances have been classified and disclosed as a component of borrowing costs, interest revenue and income tax expense, respectively. In addition, the unwind of the discounting of provisions has been classified and disclosed separately as a component of borrowing costs. This disclosure better presents the impact of these foreign exchange gains or losses and the discount component on the underlying categories of income or expense.

The amounts for discounting on provisions and exchange differences included in borrowing costs, interest revenue and income tax expense are set out in notes 4, 7 and 9 with corresponding changes to net foreign exchange gain/(loss) and other expenses. The change in policy only impacts the disclosure of individual line items in the Statement of Financial Performance, as set out below. Comparative amounts have been restated accordingly. There was no impact on opening retained profits at 1 July 2002 or on net profit for the year ended 30 June 2003.

	2003 US\$M	Restated 2002 US\$M	As previously disclosed 2002 US\$M
Borrowing costs	511	350	449
Interest revenue	67	147	142
Income tax expense	883	912	955

Tax consolidation

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 Taxation Office (ATO) by the time the Group lodges its first consolidated income tax return (being 1 December for the prior year ended 30 June). Upon such election, 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 circumstances. These could impact both the Group's deferred tax assets and liabilities at the time of election and its current tax payable from the first affected period.

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 late in the 2003 calendar year. In the event that the Group elects to consolidate, there is not expected to be any adverse effect on recorded tax assets.

Impact of International Financial Reporting Standards

The Australian Financial Reporting Council (FRC) announced in July 2002 that Australia would adopt International Financial Reporting Standards (IFRS), formerly known as International Accounting Standards (IAS), from 1 January 2005. The adoption of IFRS will be first reflected in the Group's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The transition to IFRS could have a material impact on the Group's financial position and reported results, however it is not possible to quantify the impact at this time. The Group has established a project team to manage the convergence to IFRS.

Investments accounted for using the equity method

Investments in joint venture and associated entities have been accounted for under the equity method in the financial statements.

Joint ventures

Joint venture entities

A joint venture entity 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.

Joint venture operations

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 operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity 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 venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the BHP Billiton Group's interest in the joint venture operations.

The major interests in joint venture operations are listed in note 43, with assets set out in note 44.

Currency of presentation

All amounts are expressed in US dollars unless otherwise stated.

Rounding of amounts

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

Comparatives

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

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.

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 end of the period and the gains or losses on retranslation are included in the Statement of Financial Performance, with the exception of foreign exchange gains or losses on foreign currency provisions for site restoration and rehabilitation which are capitalised in property, plant and equipment, and foreign exchange gains and losses on foreign exchange currency borrowings designated as a hedge of foreign currency net assets of self-sustaining operations.

Statements of Financial Performance 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 significant 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 Statement of Financial Position 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 Statements of Financial Performance translated at average and closing rates, are shown as a movement in the exchange fluctuation account. Exchange differences arising on long-term foreign currency borrowings used to finance such investments, together with any related taxation effects, are also shown as a movement in the exchange fluctuation account.

Sales revenue

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, of an arrangement exists indicating there has been a transfer of title, risks and rewards to the customer, no further work or processing is required by the 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 diamond sales), 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 of a portion of the sales price as revenue is deferred at the time of shipment until a final adjustment is determined. Historically these adjustments have been insignificant.

1 Statement of accounting policies continued

Exploration, evaluation and development expenditure

In respect of minerals, exploration and evaluation expenditure is charged to the Statement of Financial Performance as incurred except 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 where:

- Significant exploration licence acquisition costs are capitalised and amortised over the term of the licence, except for costs in new unexplored areas which are expensed as incurred;
- Administrative costs that are not directed to a specific area of interest are expensed in the year in which they are incurred;
- All other exploration expenditure is charged against the Statement of Financial Performance 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, in which case the expenditure is capitalised as property, plant and equipment;
- 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; and
- When proved reserves of oil and natural gas are determined and development is sanctioned and completed, the relevant expenditure is amortised on a unit of production basis.

Mineral leases

The BHP Billiton Group's mineral 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. Refer note 21.

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 Statement of Financial Position is made, where appropriate, when actual stripping ratios vary from average stripping ratios. Deferral of costs to the Statement of Financial Position is not made where ore is expected to be evenly distributed.

Costs, which have previously been deferred to the Statement of Financial Position (deferred overburden removal costs), are included in the Statement of Financial Performance 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.

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 operation for the purposes of undertaking impairment assessments, where necessary, based on future cash flows for the operation as a whole.

Research and development expenditure

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

Borrowing costs

Borrowing costs are generally expensed as incurred except where they relate to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Borrowing costs are capitalised up to the date when the asset is ready for its intended use. The amount of borrowing costs capitalised (gross of tax) 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.

Taxation

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

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

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

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

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

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

Property, plant and equipment

Valuation in accounts

Property, plant and equipment has been recorded at cost.

Current values of land and buildings

The current value of land is determined mainly by reference to rating authority valuations, or cost for recent acquisitions, except where land is an integral part of a producing asset with no significant value beyond such use, in which case book value is used. The current value of buildings is based primarily on depreciated replacement value. Buildings which are integral parts of producing plant are classified as plant and equipment and accordingly excluded from this valuation.

The current values of land and buildings are disclosed in note 21.

Disposals

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

Depreciation of property, plant and equipment

Depreciation is provided on the book value of buildings, plant, machinery, mineral rights and other items (including the original capital expenditure and any subsequent capital expenditure) used in producing revenue, on a unit of production and/or straight-line basis, at rates based on the following expected useful lives:

- Buildings – 25 to 50 years straight-line
- Land – not depreciated
- Plant, machinery and equipment – 4 to 30 years
- Mineral rights – based on the estimated life of reserves
- Exploration, evaluation and development expenditure of mineral assets – based on the estimated life of proven and probable reserves
- Leasehold land and buildings – on a straight-line basis over the life of the lease up to a maximum of 50 years
- Vehicles – 3 to 5 years
- Capitalised leased assets – up to 50 years or life of lease, whichever is shorter
- Petroleum interests – based on the estimated life of proved developed reserves
- 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.

Leased assets

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

Operating lease assets are not capitalised and, except as described below, rental payments are included in the Statement of Financial Performance in the period in which they are incurred. Provision is made for future

operating lease payments in relation to surplus lease space when it is first determined that the space will be of no probable future benefit. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the liability.

Other financial assets

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

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

Inventories

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

Intangible assets

Amounts paid for identifiable (patents, trademarks and licences) and unidentifiable (goodwill) intangible assets are capitalised and then amortised on a straight-line basis over the expected periods of benefit. Goodwill is amortised over its useful life, not exceeding 20 years, and unamortised balances are reviewed at each balance date to assess the probability of continuing future benefits.

Recoverable amounts of non-current assets

All non-current assets (excluding exploration expenditure which qualifies for capitalisation) are reviewed at least annually to determine whether their carrying amounts require write-down to recoverable amount. Assets may be reviewed more regularly if an event or change in circumstances indicates that the carrying amount of an asset may not be recoverable. If the asset is determined to be impaired, an impairment loss will be recorded, and the asset written down, based on the amount by which the asset carrying value exceeds the higher of net realisable value and estimated recoverable amount. Estimated recoverable amount is determined using expected net cash flows discounted at risk adjusted market-based discount rates. 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.

Provision for employee benefits

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors or

1 Statement of accounting policies continued

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. Entitlements to non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with annual leave above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the 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.

Superannuation, pensions and other post-retirement benefits

The BHP Billiton Group operates or participates in a number of pension (including superannuation) 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 Statement of Financial Performance so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice. This is consistent with the principles of the UK Statement of Standard Accounting Practice (SSAP) 24 'Accounting for Pension Costs'. This basis of measurement takes into account the performance of scheme assets and changes in the funded status of each scheme, to the extent that deficits represent a legal or constructive obligation of the Group to its employees and that surpluses are recoverable by the Group over the expected remaining service lives of employees. A pension liability or asset is consequently recognised in the Statement of Financial Position to the extent that the contributions payable either lag or precede expense recognition. The liability or asset therefore represents those funding deficits or surpluses together with changes in the funding status of the schemes that will be recognised in the Statement of Financial Performance in future periods.

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 Statement of Financial Performance so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice, in a manner similar to that applied for defined benefit pension schemes. For other funded schemes the charge to the Statement of Financial Performance is calculated on the basis of premiums payable.

Provision for restoration and rehabilitation

BHP Billiton Group companies are generally required to restore mines, 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 in borrowing costs. 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 Statement of Financial Performance 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 non-current financial 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 the Group Incentive Scheme Performance Shares, 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 (including cash settled commodity contracts) to hedge these risks.

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

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

1 Statement of accounting policies continued

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

- (a) deferred and included in the measurement of the anticipated transaction when it occurs; or
- (b) included in the Statement of Financial Performance where the anticipated transaction is no longer expected to occur. Refer note 38.

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

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

Use of estimates

The preparation of the BHP Billiton Group's combined financial statements requires management to make estimates and 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 costs during the reported period. On an ongoing basis, management evaluates its estimates and judgements in relation to assets, liabilities, contingent liabilities, revenue and costs. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Exchange rates

The following exchange rates have been utilised in these financial statements:

	Average 2003	Average 2002	As at 30 June 2003	As at 30 June 2002
Australian dollar	0.58	0.52	0.67	0.57
Brazilian real	3.31	2.50	2.88	2.82
Canadian dollar	1.51	1.56	1.35	1.50
Chilean peso	718	672	697	698
Colombian peso	2 804	2 487	2 818	2 399
South African rand	9.03	10.03	7.50	10.25
UK pound sterling	0.63	0.69	0.61	0.65

2 Significant items

Individually significant items (before outside equity interests) included within the BHP Billiton Group net profit are detailed below.

	Gross 2003 US\$M	Tax 2003 US\$M	Net 2003 US\$M
Significant items by category			
Loss on sale of 6% interest in BHP Steel ^(a)	(19)	—	(19)
Total by category	(19)	—	(19)
Significant items by Customer Sector Group			
Discontinued Operations	(19)	—	(19)
Total by Customer Sector Group	(19)	—	(19)

Notes to Financial Statements continued

2 Significant items continued

	Gross 2002 US\$M	Tax 2002 US\$M	Net 2002 US\$M
Significant items by category			
Termination of operations			
<i>Write-down in carrying values of assets</i>			
Base Metals			
Southwest Copper assets ^(b)	(171)	–	(171)
<i>Reductions in provisions</i>			
Base Metals			
Southwest Copper closure provisions ^(b)	70	–	70
	(101)	–	(101)
Significant taxation items			
Group and unallocated items			
Change in UK tax rate on petroleum operations ^(c)	–	(56)	(56)
	–	(56)	(56)
Other significant items			
<i>Suspension of operations</i>			
Base Metals			
Charges associated with suspension of Tintaya sulphide operations ^(d)	(31)	9	(22)
	(31)	9	(22)
<i>Merger-related restructuring costs</i>			
Petroleum	(4)	1	(3)
Aluminium	(4)	–	(4)
Base Metals	(13)	1	(12)
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)	9	(30)
	(80)	15	(65)
Total by category	(212)	(32)	(244)
Significant items by Customer Sector Group			
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)

^(a) A 6 per cent interest in BHP Steel was retained by the Group upon demerger of the Group's Steel business. This was sold in July 2002 for US\$75 million and the loss of US\$19 million associated with this sale has been recognised in the year ended 30 June 2003 as a significant item in relation to Discontinued Operations.

^(b) Following a reassessment of the Group's asset disposal and closure plans relating to its Southwest 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.

^(c) In June 2002, a change in legislation increased the corporation taxation rate for oil and gas companies in the UK from 30 per cent to 40 per cent, resulting in deferred taxation balances being restated by US\$56 million.

^(d) As at 30 June 2002, sulphide operations at Tintaya had been suspended until at least January 2003. A charge of US\$31 million recognised the costs of the suspension and a write-down of obsolete equipment.

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.

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 was:

- The BHP Billiton Group's total equity was reduced by US\$1 489 million, including costs directly associated with the demerger of US\$17 million net of tax (US\$24 million before tax);
- A cash inflow of US\$347 million, representing net US\$294 million from the settlement by BHP Steel of intercompany loans, less US\$22 million demerger transaction costs paid, and US\$75 million from the sale of the 6 per cent of BHP Steel; and
- A 6 per cent interest in BHP Steel was retained by the Group upon demerger of the Group's steel business. This was sold in July 2002 for US\$75 million and the loss of US\$19 million associated with this sale has been recognised in the year ended 30 June 2003 and is disclosed as a significant item.

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. It supplies customers in Australia, New Zealand, Asia, the US, Europe, the Middle East and the Pacific. Key steelmaking assets are the Port Kembla Steelworks (Australia), BHP New Zealand Steel and North Star BHP Steel (US). A network of metallic coating and coil painting facilities operates in Australia, New Zealand and South East Asia.

The financial performance of BHP Steel, as included in the BHP Billiton financial statements for 2002, is detailed below. The financial effect of the sale, in July 2002, of the 6 per cent interest retained by the Group upon demerger is also detailed below.

	Discontinued Steel business	
	2003 US\$M	2002 US\$M
Financial performance		
Revenue from ordinary activities before interest income	75	2 389
Expenses from ordinary activities excluding borrowing costs	(94)	(2 312)
(Loss)/profit from ordinary activities before net borrowing costs and income tax	(19)	77

There were no significant items included within profit from ordinary activities before net borrowing costs and income tax for 2002.

While the BHP Billiton Group operates its treasury function on a Group basis, certain financing arrangements not reported in the Steel segment can be attributed to the discontinued Steel operations. Not included within revenue from ordinary activities for 2003 is interest income of US\$nil (2002: US\$13 million). The borrowing costs associated with attributable debt instruments was US\$nil for 2003 (2002: US\$17 million). The income tax expense/ (benefit) related to Discontinued Operations, including the tax impact on financing arrangements noted above, was a tax benefit of US\$nil (2002: US\$3 million tax benefit).

The contribution to Group cash flows of the BHP Steel business before consideration of borrowing costs and income tax, as included in the BHP Billiton Group financial statements is detailed below:

	Discontinued Steel business	
	2003 US\$M	2002 US\$M
Cash flows		
Net operating cash flows (excluding borrowing activities and income tax)	–	283
Net investing cash flows ^(a)	74	(74)
Net financing cash flows	–	(21)
Total cash flows provided by Discontinued Operations	74	188

^(a) 2003 includes US\$75 million in proceeds from the sale of 6 per cent of BHP Steel and US\$1 million in costs associated with the sale.

Notes to Financial Statements continued

3 Discontinued operations continued

The attributable net assets of BHP Steel as included in the BHP Billiton Group's 30 June 2002 Statement of Financial Position is provided below. In addition, the net assets demerged in July 2002 are provided, after allowing for the settlement of intercompany loans by BHP Steel to the BHP Billiton Group and the realisation of Group profit in stock held by BHP Steel.

	Discontinued Steel business	
	2003 US\$M	2002 US\$M
Financial Position (a)		
Total assets	–	2 731
Total liabilities	–	(840)
Outside equity interests	–	(21)
Total equity	–	1 870
Net payments to the BHP Billiton Group by BHP Steel to settle intercompany loans (post 30 June 2002)	–	(294)
Attributable net assets of BHP Steel	–	1 576
Group profit in stock held by BHP Steel	–	(9)
Attributable net assets of the BHP Billiton Group at date of demerger (b)	–	1 567

(a) Includes certain assets and liabilities (primarily cash, interest bearing liabilities and taxation provisions) which are not allocated to Steel for segment reporting purposes.

(b) Of the US\$1 567 million attributable net assets at date of demerger, approximately 94 per cent or US\$1 472 million were demerged to shareholders of BHP Billiton Limited; this together with US\$17 million in costs of the demerger represents a reduction in total equity of US\$1 489 million. Refer note 35.

4 Revenue from ordinary activities

	2003 US\$M	2002 US\$M
Operating revenue		
Sale of goods (a)	15 049	15 496
Rendering of services	559	400
Total operating revenue	15 608	15 896
Non-operating revenue		
Interest income	65	142
Exchange differences on cash assets	2	5
Interest revenue	67	147
Dividend income	16	46
Proceeds from sales of non-current assets	711	845
Management fees	6	12
Other income	141	121
Total non-operating revenue	941	1 171

(a) Cost of goods sold for the BHP Billiton Group was US\$9 197 million (2002: US\$9 038 million).

5 Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs

	2003 US\$M	2002 US\$M
Employee benefits expense ^(a)	1 746	2 049
Raw materials and consumables used	2 450	3 240
External services (including transportation)	2 539	2 950
Third party commodity purchases	2 547	1 277
Changes in inventories of finished goods and work in progress	(158)	(99)
Net book value of non-current assets sold	677	726
Diminution in value of non-current assets	73	272
Resource rent taxes	467	405
Rental expense in respect of operating leases ^(b)	127	228
Government royalties paid and payable ^(c)	352	294
Other	910	1 222
Total expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	11 730	12 564

^(a) Includes US\$60 million (2002: US\$28 million) for employee share awards.

^(b) Represents minimum lease payments.

^(c) Includes amounts paid and payable to Australian governments of US\$231 million (2002: US\$205 million) and amounts paid and payable to others of US\$121 million (2002: US\$89 million).

6 Depreciation and amortisation

	2003 US\$M	2002 US\$M
Depreciation relates to		
Buildings	98	94
Plant, machinery and equipment	1 220	1 308
Mineral rights	174	135
Exploration, evaluation and development expenditure	141	175
Capitalised leased assets	9	9
Total depreciation	1 642	1 721
Amortisation relates to		
Goodwill	47	48
Total amortisation	47	48
Total depreciation and amortisation	1 689	1 769

Notes to Financial Statements continued

7 Borrowing costs

	2003 US\$M	2002 US\$M
Borrowing costs paid or due and payable		
On interest bearing liabilities	396	502
On finance leases	4	5
Total borrowing costs	400	507
<i>deduct</i>		
Amounts capitalised ^(a)	103	58
	297	449
<i>add/(deduct)</i>		
Discounting on provisions	97	42
Exchange differences on Group borrowings	117	(141)
Borrowing costs charged against net profit from ordinary activities	511	350

(a) Amounts have been capitalised at a weighted average rate of 5.2 per cent (2002: 5.5 per cent) on funds borrowed generally.

8 Profit and loss items

	2003 US\$M	2002 US\$M
Net profit before tax from ordinary activities is after crediting the following items:		
Profits from sales of		
Investments	11	107
Property, plant and equipment	60	70
Net movement in the doubtful debts provision in respect of		
Trade receivables	8	–
Sundry receivables	(3)	22
Net profit from ordinary activities is after charging the following items:		
Losses from sales of		
Investments ^(a)	4	–
Property, plant and equipment	14	58
Diminution in value of		
Investments	10	15
Property, plant and equipment (excluding depreciation)	54	213
Exploration, evaluation and development expenditures		
Incurred and expensed in current period	248	243
Previously capitalised, written off as unsuccessful or abandoned	9	44
Net foreign exchange gain/(loss)		
Borrowings	(117)	141
Other	(84)	(15)
Bad debts written off in respect of		
Trade receivables	1	2
Sundry receivables	1	–
Research and development costs before crediting related grants	40	30

8 Profit and loss items continued

	2003 US\$M	2002 US\$M
Material transfers to/(from) provision for		
Resource rent tax	26	22
Employee benefits	465	354
Restoration and rehabilitation	131	(15)
Restructuring	9	13
Post-retirement benefits	72	2
Remuneration of auditors		
Audit fees payable by the BHP Billiton Group to:		
Joint auditors of BHP Billiton Group ^(b)		
KPMG	3.443	3.162
PricewaterhouseCoopers	4.055	2.877
Other audit firms ^(c)	0.990	3.794
Total audit fees	8.488	9.833
Fees payable by the BHP Billiton Group to auditors for other services ^(d)		
Joint auditors of the BHP Billiton Group		
Audit related services ^(d)		
KPMG	0.598	1.012
PricewaterhouseCoopers	1.548	1.012
Information systems design and implementation ^(e)		
KPMG	0.720	5.711
Taxation services ^(f)		
KPMG	1.994	1.591
PricewaterhouseCoopers	1.288	1.390
Other services ^(g)		
KPMG	0.596	2.626
PricewaterhouseCoopers	0.138	1.840
Other audit firms		
Other services	1.407	4.397
Total other services	8.289	19.579
Total fees	16.777	29.412

^(a) Excludes the US\$19 million loss on sale of a 6 per cent interest in BHP Steel, which is included as a significant item. Refer note 2.

^(b) PricewaterhouseCoopers and KPMG were appointed as joint Group auditors of the BHP Billiton Group for the 2003 financial year. All amounts included in the current year represent amounts payable to these firms.

^(c) Audited by auditors other than those that are joint Group auditors of the BHP Billiton Group. During the year ended 30 June 2002, Ernst & Young and Arthur Andersen were the auditors of the BHP Billiton Limited Group and the comparative amount includes US\$3.552 million in audit fees that were paid to those firms.

^(d) Mainly includes accounting advice, due diligence services and services associated with securities offerings. For the year ended 30 June 2003, audit fees of US\$0.248 million relating to pension plans, which are not directly payable by the BHP Billiton Group, have been excluded from the above analysis.

^(e) Relates to legacy contracts entered into with the former consulting arms of the joint audit firms before they were disposed.

^(f) Mainly includes tax compliance services and employee expatriate taxation services.

^(g) Mainly includes human resources services and pension advisory services. The 2002 financial year also includes fees related to legacy internal audit services provided to the BHP Billiton Limited Group which were contracted prior to the DLC merger. These services ceased during the year ended 30 June 2002.

Notes to Financial Statements continued

9 Income tax

	2003 US\$M	2002 US\$M
Income tax expense		
Prima facie tax calculated at 30 per cent on profit from ordinary activities	835	782
add/(deduct) Tax-effect of permanent differences:		
Investment and development allowance	(9)	(10)
Recognition of prior year tax losses	(188)	(103)
Non-deductible accounting depreciation and amortisation	87	67
Non-deductible dividends on redeemable preference shares	8	13
Non tax-effected operating losses	112	69
Tax rate differential on non-Australian income	(15)	(1)
Non tax-effected capital gains	(2)	(12)
Foreign expenditure including exploration not presently deductible	4	16
Foreign exchange losses/(gains) on current and deferred tax balances ^(a)	255	(43)
Other foreign exchange (gains)/losses and translation adjustments	(63)	42
Tax rate changes	(1)	59
Investment and asset impairments	–	32
Other	(35)	24
Amounts over provided in prior years	(105)	(23)
Income tax expense attributable to ordinary activities	883	912

^(a) Foreign exchange (gains)/losses on current and deferred tax balances were included in net foreign exchange gain/(loss) in the prior year. Refer note 1.

	2003 US\$M	2002 US\$M
Deferred tax assets (non-current)		
Deferred tax assets at year end comprises:		
<i>Timing differences</i>		
Depreciation	(273)	(14)
Exploration expenditure	122	48
Provisions		
Employee benefits	56	19
Restoration and rehabilitation	86	48
Resource rent tax	95	90
Other	(6)	2
Deferred income	125	–
Foreign exchange losses	41	59
Profit in stocks elimination	2	8
Other	(32)	87
Tax-effected losses	231	133
Total deferred tax assets	447	480

9 Income tax continued

	2003 US\$M	2002 US\$M
Deferred tax liabilities (non-current)		
Provision for deferred income tax at year end comprises:		
<i>Timing differences</i>		
Depreciation	1 280	1 641
Exploration expenditure	44	23
Provisions		
Employee benefits	(21)	(36)
Restoration and rehabilitation	(82)	(49)
Resource rent tax	(4)	(31)
Other	15	–
Deferred income	–	(98)
Deferred charges	45	42
Foreign exchange gains	(230)	(17)
Foreign tax	219	128
Other	150	32
Tax-effected losses	(3)	(48)
Total provision for deferred income tax	1 413	1 587
Non-current provision for income tax	21	13
Total deferred tax liabilities	1 434	1 600

As at 30 June 2003, the BHP Billiton Group has not recognised potential tax expense of US\$240 million (2002: 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 maintain local currency records for tax purposes. Tax expense will be recognised when such gains and losses are realised for tax purposes or upon implementation of revised AASB 1020 'Income taxes', or IAS 12 'Income taxes' in 2006, whichever is earlier.

Tax losses

At 30 June 2003, the BHP Billiton Group has ordinary tax losses and capital losses of approximately US\$2 439 million (2002: US\$2 337 million), 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.

The Group recognises tax losses to the extent that it expects to earn virtually certain future profits which can absorb those losses. Following promising progress in the Group's Gulf of Mexico (US) projects during the year ended 30 June 2003, previously unrecognised tax losses in the US have been recouped and have been recognised this year resulting in a reduction in the effective tax rate of approximately 3 per cent. If and when the projects reach appropriate milestones that provide virtual certainty over projected future profits, further benefits in respect of past losses may be recognised.

Refer to note 1 in respect of the recognition of tax-effected losses.

Notes to Financial Statements continued

10 Segment results

The BHP Billiton Group has grouped its major operating assets into the following Customer Sector Groups (CSGs):

- Petroleum (exploration for and production, processing and marketing of hydrocarbons including oil, gas and LNG);
- Aluminium (exploration for and mining of bauxite, processing and marketing of aluminium and alumina);
- Base Metals (exploration for and mining, processing and marketing of copper, silver, zinc, lead and copper by-products including gold);
- Carbon Steel Materials (exploration for and mining, processing and marketing of coking coal, iron ore and manganese);
- Diamonds and Specialty Products (EKATI diamond mine, titanium operations, metals distribution activities and exploration, and technology activities);

- Energy Coal (exploration for and mining, processing and marketing of steaming coal); and
- Stainless Steel Materials (exploration for and mining, processing and marketing of chrome and nickel).

Net unallocated interest represents the charge to profit of debt funding to the BHP Billiton Group.

Group and unallocated items represent Group Centre functions and certain comparative data for divested assets and investments.

Inter-segment sales are made on a commercial basis.

Industry segment information

US\$ million	External Revenue	Inter-segment revenue	Share of net profit from associated entities	Profit before tax ^{(a)(b)}	Gross segment assets ^(c)	Gross segment liabilities	Depreciation and amortisation	Other non-cash expenses	Capital expenditure ^(c)
Year ended 30 June 2003									
Petroleum	3 334	4	–	1 178	5 164	2 207	549	50	861
Aluminium	3 401	–	–	569	5 976	936	245	–	462
Base Metals	1 757	–	20	245	4 423	1 133	257	(2)	201
Carbon Steel Materials	3 474	26	57	1 018	3 793	1 562	196	7	479
Diamonds and Specialty Products	469	11	59	185	1 455	362	107	–	101
Energy Coal	1 901	–	27	154	3 185	1 120	194	2	300
Stainless Steel Materials	1 105	–	1	145	2 077	426	102	10	121
Group and unallocated items ^{(d)(e)}	966	465	–	(248)	2 804	8 370	39	66	46
Discontinued Operations ^(f)	75	–	–	(19)	–	–	–	–	–
Net unallocated interest	67	–	–	(444)	–	–	–	–	–
BHP Billiton Group	16 549	506	164	2 783	28 877	16 116	1 689	133	2 571
Year ended 30 June 2002									
Petroleum	2 801	35	–	1 069	4 539	2 061	571	4	687
Aluminium	2 846	–	–	476	5 436	746	246	(4)	291
Base Metals	1 415	23	32	23	4 502	1 092	233	161	578
Carbon Steel Materials	2 949	167	47	1 046	3 079	1 135	188	31	284
Diamonds and Specialty Products	1 096	19	122	220	1 410	181	79	1	121
Energy Coal	2 045	–	18	496	2 895	1 072	194	5	295
Stainless Steel Materials	799	–	4	1	1 963	267	94	2	84
Group and unallocated items ^{(d)(e)}	580	366	–	(598)	3 307	9 315	32	59	43
Discontinued Operations ^(f)	2 389	–	–	77	2 731	840	132	4	98
Net unallocated interest	147	–	–	(203)	–	–	–	–	–
BHP Billiton Group	17 067	610	223	2 607	29 862	16 709	1 769	263	2 481

^(a) Before outside equity interests.

^(b) Excludes income tax expense for BHP Billiton Group of US\$883 million (2002: US\$912 million), which results in a net profit after income tax expense of US\$1 900 million (2002: US\$1 695 million).

^(c) Excluding investment expenditure, capitalised borrowing costs and capitalised exploration.

^(d) Comparative results for certain minor residual steel assets and liabilities that were not demerged as part of the BHP Steel (Residual Steel operations) are included in Group and unallocated items. The Residual Steel operations were previously included in Steel.

^(e) Includes consolidation adjustments.

^(f) The results of operations and the financial position presented as the Discontinued Operations, represents the demerged Steel business. Refer note 3.

^(g) Included within gross assets are the following carrying values of investments in joint venture and associated entities: Base Metals; 2003: US\$262 million (2002: US\$383 million), Carbon Steel Materials; 2003: US\$299 million (2002: US\$278 million), Stainless Steel Materials; 2003: US\$4 million (2002: US\$3 million), Energy Coal; 2003: US\$488 million (2002: US\$490 million), Diamonds and Specialty Products; 2003: US\$277 million (2002: US\$326 million), Petroleum; 2003: US\$73 million (2002: US\$25 million), Discontinued Operations; 2003: US\$nil (2002: US\$48 million), and Group and unallocated items; 2003: US\$nil (2002: US\$nil).

10 Segment results continued

Geographical segment information

US\$ million	External revenue by location of customer			Gross segment assets			Capital expenditure		
	Continuing operations	Discontinued operations ^(a)	Total	Continuing operations	Discontinued operations ^(a)	Total	Continuing operations	Discontinued operations ^(a)	Total
Year ended 30 June 2003									
Australia	1 927	75	2 002	9 664	–	9 664	1 031	–	1 031
North America	1 707	–	1 707	3 579	–	3 579	451	–	451
Europe	5 166	–	5 166	2 888	–	2 888	69	–	69
South America	828	–	828	6 444	–	6 444	219	–	219
Southern Africa	951	–	951	5 428	–	5 428	570	–	570
Japan	2 269	–	2 269	–	–	–	–	–	–
South Korea	1 149	–	1 149	–	–	–	–	–	–
Other Asia	2 165	–	2 165	–	–	–	–	–	–
Rest of World	312	–	312	874	–	874	231	–	231
BHP Billiton Group	16 474	75	16 549	28 877	–	28 877	2 571	–	2 571
Year ended 30 June 2002									
Australia	1 828	1 352	3 180	9 252	1 976	11 228	559	73	632
North America	1 969	190	2 159	3 525	95	3 620	343	–	343
Europe	4 064	112	4 176	1 775	8	1 783	211	–	211
South America	457	24	481	6 722	–	6 722	627	–	627
Southern Africa	890	–	890	5 163	–	5 163	347	–	347
Japan	1 941	17	1 958	–	–	–	–	–	–
South Korea	1 001	43	1 044	–	–	–	–	–	–
Other Asia	1 802	328	2 130	–	–	–	–	–	–
Rest of World	713	336	1 049	694	652	1 346	296	25	321
BHP Billiton Group	14 665	2 402	17 067	27 131	2 731	29 862	2 383	98	2 481

^(a) The revenue, assets and capital expenditure presented as the Discontinued Operations represents the demerged Steel business.

Notes to Financial Statements continued

11 Dividends

	2003 US\$M	2002 US\$M
BHP Billiton Limited ^(a)		
Dividends declared ^{(b)(c)}	280	242
Dividends paid ^(d)	262	241
	542	483
BHP Billiton Plc ^(a)		
Dividends declared ^{(b)(e)}	185	150
Dividends paid		
Ordinary shares ^(f)	173	151
Preference shares ^(g)	–	–
	358	301
Total dividends paid or payable ^(h)	900	784

(a) BHP Billiton Limited dividends per American Depositary Share (ADS) (as declared) for 2003 were 29.0 US cents per share (2002: 26.0 US cents per share). Effective 25 June 2003, BHP Billiton Plc ADSs listed on the New York Stock Exchange. As the listing was subsequent to the record date for the final 2003 dividend, no dividends per BHP Billiton Plc ADS are applicable for any of the years shown above.

(b) Dividends declared on 7 May 2003 and payable at 30 June 2003 were paid on 2 July 2003.

(c) Dividends declared for 2003 were 7.5 US cents fully franked per share (2002: 6.5 US cents fully franked per share).

(d) Interim dividend paid of 7.0 US cents fully franked per share (2002: 6.5 US cents fully franked per share).

(e) Declared final dividend of 7.5 US cents per share (2002: 6.5 US cents per share).

(f) Interim dividend paid of 7.0 US cents per share (2002: 6.5 US cents per share).

(g) 5.5 per cent dividend on 50 000 preference shares of £1 each (2002: 5.5 per cent).

(h) Refer notes 33 and 35.

For the purposes of AASB 1034 'Financial Reports Presentation and Disclosures', the Group had an adjusted franking account balance of US\$386 million (on a tax paid basis) at 30 June 2003. It is anticipated that dividends payable in the following year will be fully franked.

From 1 July 2002, the Australian Income Tax Assessment Act 1997 requires measurement of franking credits based on the amount of income tax paid, rather than after tax profits. As a result, the 'franking credits available' were converted from US\$591 million to US\$253 million as at 1 July 2002. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

12 Earnings per share

	2003	2002
Basic earnings per share (US cents)	30.0	27.3
Diluted earnings per share (US cents)	29.9	27.3
Basic earnings per American Depositary Share (ADS) (US cents) ^(a)	60.0	54.6
Diluted earnings per American Depositary Share (ADS) (US cents) ^(a)	59.8	54.6
Weighted average number of fully paid shares (millions)		
Basic earnings per share denominator	6 207	6 029
Diluted earnings per share denominator ^(b)	6 222	6 042
Earnings (US\$ million)	1 860	1 648

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

^(b) The weighted average number of shares used for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

	2003 Million	2002 Million
Number of shares		
Basic earnings per share denominator	6 207	6 029
BHP Billiton Limited options and performance rights	13	11
BHP Billiton Limited partly paid shares	1	2
BHP Billiton Plc performance shares	1	–
Diluted earnings per share denominator	6 222	6 042

13 Receivables (current)

	2003 US\$M	2002 US\$M
Trade receivables ^(a)	1 467	1 502
<i>deduct</i> Provision for doubtful debts	(5)	(13)
Total trade receivables	1 462	1 489
Sundry receivables		
Employee Share Plan loans	2	71
Other	719	737
<i>deduct</i> Provision for doubtful debts	(6)	(3)
Total sundry receivables	715	805
Total current receivables	2 177	2 294

^(a) The value of trade receivables at 30 June 2003 would have been US\$nil higher (2002: US\$141 million higher) but for sale of securitisation receivables. Collections of US\$nil (2002: US\$47 million) were held on behalf of the purchasers of the receivables at 30 June 2003, and have been classified as sundry creditors.

Notes to Financial Statements continued

14 Other financial assets (current)

	2003 US\$M	2002 US\$M
Securities not quoted on prescribed stock exchanges		
Term deposits	14	2
Other investments	129	115
Total book value of not quoted securities (a)(b)	143	117
Total current other financial assets	143	117

(a) Not quoted securities include US\$104 million (2002: US\$61 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 the 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 non-current provisions. Refer note 29.

(b) Not quoted securities include US\$39 million (2002: US\$49 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.

15 Inventories (current)

	2003 US\$M	2002 US\$M
Raw materials and stores		
At cost	353	341
	353	341
Work in progress		
At net realisable value	3	11
At cost	333	393
	336	404
Finished goods		
At net realisable value	2	–
At cost	637	674
	639	674
Total current inventories		
At net realisable value	5	11
At cost	1 323	1 408
Total current inventories	1 328	1 419

16 Other assets (current)

	2003 US\$M	2002 US\$M
Other deferred charges and prepayments	129	99
Total current other assets	129	99

17 Receivables (non-current)

	2003 US\$M	2002 US\$M
Employee Share Plan loans	69	64
Other sundry receivables ^(a)	828	825
Total non-current receivables	897	889

^(a) Other sundry receivables include loans to joint venture entities of US\$275 million (2002: US\$273 million) that are in the form of cash on deposit, with the bank having an equivalent amount on loan to the joint venture.

18 Investments accounted for using the equity method

Major shareholdings in joint venture and associated entities	Principal activities	Reporting date	Ownership interest ^(a)				Carrying value of investment	
			At joint venture's or associate's reporting date		At BHP Billiton Group reporting date		2003 US\$M	2002 US\$M
			2003 %	2002 %	2003 %	2002 %		
Minera Antamina SA	Copper and zinc mining	30 June	34	34	34	34	175	176
Carbones del Cerrejon LLC ^(b)	Coal mining	31 Dec	33	33	33	33	490	483
Highland Valley Copper	Copper mining	31 Dec	34	34	34	34	86	121
Orinoco Iron CA	HBI production	30 Sept	50	50	50	50	–	–
Richards Bays Minerals ^(c)	Titanium dioxide and mineral sands	31 Dec	50	50	50	50	115	169
Samarco Mineracao SA	Iron ore mining	31 Dec	50	50	50	50	276	257
South Blackwater	Coal mining	30 June	50	50	50	50	–	–
Caesar Oil Pipeline Company LLC	Hydrocarbons transportation	31 May	25	25	25	25	42	17
Cleopatra Gas Gathering Company LLC	Hydrocarbons transportation	31 May	22	22	22	22	29	8
Integrus Metals	Metals distribution	31 Dec	50	50	50	50	159	157
Minera Alumbreira Limited	Copper and gold mining	30 June	–	25	–	25	–	85
Other ^(d)							31	32
Total							1 403	1 505

	2003 US\$M	2002 US\$M
Share of net profit of investments accounted for using the equity method		
Revenue ^(e)	1 902	1 679
Expenses ^(e)	(1 637)	(1 378)
Profit before income tax ^(e)	265	301
Income tax expense ^(e)	(101)	(78)
Share of net profit of investments accounted for using the equity method	164	223

Notes to Financial Statements continued

18 Investments accounted for using the equity method continued

	2003 US\$M	2002 US\$M
Share of post-acquisition retained profits of investments accounted for using the equity method		
Share of retained profits of investments accounted for using the equity method at the beginning of the financial year	329	191
Share of net profit of investments accounted for using the equity method	164	223
Dividends received/receivable from investments accounted for using the equity method	(197)	(149)
Disposal of investments accounted for using the equity method	(63)	64
Share of retained profits of investments accounted for using the equity method at the end of the financial year	233	329
Movements in carrying amount of investments accounted for using the equity method		
Carrying amount of investments accounted for using the equity method at the beginning of the financial year	1 505	1 236
Share of net profit of investments accounted for using the equity method	164	223
Increased investments accounted for using the equity method	41	389
Dividends received/receivable from investments accounted for using the equity method	(197)	(149)
Disposal of investments accounted for using the equity method	(110)	(34)
Transfers and other movements	–	(160)
Carrying amount of investments accounted for using the equity method at the end of the financial year	1 403	1 505
Share of contingent liabilities and expenditure commitments of investments accounted for using the equity method		
Contingent liabilities – unsecured (included in note 39)	128	110
Contracts for capital expenditure not completed	98	116
Other commitments	6	14

	In Aggregate		BHP Billiton Group Share	
	2003 US\$M	2002 US\$M	2003 US\$M	2002 US\$M
Net assets of investments accounted for using the equity method can be analysed as follows:				
Non-current assets	5 799	6 423	2 152	2 198
Current assets	1 666	1 902	728	736
Current liabilities	(1 101)	(1 458)	(476)	(525)
Non-current liabilities	(2 652)	(2 753)	(1 001)	(904)
Net assets of investments accounted for using the equity method	3 712	4 114	1 403	1 505

(a) The proportion of voting power held corresponds to ownership interest.

(b) At 30 June 2002 the BHP Billiton Group had an ownership interest of 33 per cent in Carbones del Cerrejon SA and 33 per cent in Carbones Zona Norte SA. Following the BHP Billiton Group's acquisition of an interest in Intercor LLC in February 2002, the BHP Billiton Group's existing interest in Carbones del Cerrejon SA was merged into Intercor LLC, which was subsequently renamed Carbones del Cerrejon LLC, in November 2002. The activities of Carbones del Cerrejon on LLC and Carbones Zona Norte SA are managed as an integrated operation referred to as Cerrejon Coal Corporation. The BHP Billiton Group has an effective ownership interest of 33 per cent in Cerrejon Coal Corporation.

(c) Richards Bay Minerals comprises two legal entities, Tisand (Pty) Limited and Richards Bay Iron and Titanium (Pty) Limited of which the BHP Billiton Group's effective ownership interest is 51 per cent (2002: 51 per cent) and 49 per cent (2002: 49 per cent) respectively. 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.

(d) Includes various immaterial joint venture and associated entities.

(e) The share of net profit of investments accounted for using the equity method includes the results of associated entities relating to the Group's 50 per cent interest in Minera Alumbra Limited. This includes revenue of US\$94 million (2002: US\$126 million), expenses of US\$69 million (2002: US\$104 million), profit before income tax of US\$25 million (2002: US\$22 million), and income tax expense/(benefit) of US\$nil (2002: US\$(4) million). Effective April 2003, the BHP Billiton Group sold its interest in Minera Alumbra Limited for US\$187 million, of which US\$54 million has been deferred until June 2005. The deferred proceeds are included in sundry receivables.

19 Other financial assets (non-current)

	2003 US\$M	2002 US\$M
Securities quoted on prescribed stock exchanges		
Shares in other corporations (a)(b)(c)	72	68
Securities not quoted on prescribed stock exchanges		
Shares in other corporations (d)	78	424
Advances and partnerships (e)	–	89
Total non-current other financial assets	150	581

(a) Market value of quoted securities, shares in other corporations is US\$77 million (2002: US\$82 million).

(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 2003 (2002: US\$nil) in the table above and a market value of US\$11 million (2002: US\$11 million).

(c) Includes the shares of BHP Billiton Plc held by the Group's Employee Share Ownership Trusts (refer to note 31 for a description of the Trust). As at 30 June 2003, 347 498 shares (2002: 659 882 shares) were held by the Trust with a market value at that date of US\$2 million (2002: US\$3 million).

(d) The 30 June 2002 comparative includes an investment in Sweet River Investments Limited which effectively provided the BHP Billiton Group with a 2.1 per cent interest in CVRD through Valepar SA, at US\$332 million.

(e) The 30 June 2002 comparative included a 50 per cent investment in North Star BHP Steel, a US steel manufacturer, at US\$82 million. Refer note 3.

20 Inventories (non-current)

	2003 US\$M	2002 US\$M
Raw materials and stores	3	8
Work in progress	48	30
Total non-current inventories (at cost)	51	38

Notes to Financial Statements continued

21 Property, plant and equipment

	Gross value of assets 2003 US\$M	Accumulated depreciation 2003 US\$M	Net value of assets 2003 US\$M	Gross value of assets 2002 US\$M	Accumulated depreciation 2002 US\$M	Net value of assets 2002 US\$M
Land and buildings (a)(b)	2 260	931	1 329	2 460	1 178	1 282
Plant, machinery and equipment (c)	22 699	12 133	10 566	24 682	13 112	11 570
Capital works in progress (d)	2 936	–	2 936	2 197	–	2 197
Mineral rights and other mineral assets (e)	4 848	1 567	3 281	4 641	1 301	3 340
Exploration, evaluation and development (f)						
Now in production	1 970	1 101	869	2 475	1 489	986
In development stage but not yet producing	327	–	327	574	210	364
In exploration and/or evaluation stage	487	70	417	480	138	342
Capitalised leased assets (g)	103	48	55	105	40	65
Total property, plant and equipment	35 630	15 850	19 780	37 614	17 468	20 146

	2003 US\$M	2002 US\$M
(a) Current value of land and buildings		
Land	395	534
Buildings	1 245	1 166
	1 640	1 700

	2003 US\$M
(b) Land and buildings	
Balance at the beginning of the financial year	1 282
Capital expenditure (including capitalised interest)	159
Depreciation	(98)
Net disposals including demerger or disposal of controlled entities	(217)
Amounts written off	(6)
Exchange variations	2
Transfers and other movements	207
Balance at the end of the financial year ⁽ⁱ⁾	1 329
(c) Plant, machinery and equipment	
Balance at the beginning of the financial year	11 570
Capital expenditure (including capitalised interest)	483
Depreciation	(1 220)
Net disposals including demerger or disposal of controlled entities	(1 723)
Amounts written off	(48)
Exchange variations	74
Transfers and other movements	1 430
Balance at the end of the financial year ⁽ⁱ⁾	10 566

21 Property, plant and equipment continued

	2003 US\$M
(d) Capital works in progress	
Balance at the beginning of the financial year	2 197
Capital expenditure (including capitalised interest)	2 276
Transfers and other movements	(1 537)
Balance at the end of the financial year	2 936
(e) Mineral rights and other mineral assets	
Balance at the beginning of the financial year	3 340
Capital expenditure (including capitalised interest)	51
Depreciation	(174)
Net disposals including demerger or disposal of controlled entities	(1)
Transfers and other movements	65
Balance at the end of the financial year ⁽ⁱ⁾⁽ⁱⁱ⁾	3 281
(f) Exploration, evaluation and development expenditures carried forward	
Balance at the beginning of the financial year	1 692
Capital expenditure (including capitalised exploration and interest)	211
Depreciation	(141)
Net disposals including demerger or disposal of controlled entities	(11)
Amounts written off	(9)
Exchange variations	11
Transfers and other movements	(140)
Balance at the end of the financial year ⁽ⁱⁱⁱ⁾	1 613
(g) Capitalised leased assets	
Balance at the beginning of the financial year	65
Capital expenditure	4
Depreciation	(9)
Transfers and other movements	(5)
Balance at the end of the financial year	55

⁽ⁱ⁾ The carrying value of assets includes assets written down to recoverable amount in the current and prior periods as follows:

Land and buildings: US\$6 million (2002: US\$2 million)

Plant, machinery and equipment: US\$164 million (2002: US\$1 919 million)

Mineral rights and other mineral assets: US\$62 million (2002: US\$64 million)

⁽ⁱⁱ⁾ Includes US\$534 million (2002: US\$530 million) of deferred overburden removal costs.

⁽ⁱⁱⁱ⁾ Includes US\$35 million (2002: US\$88 million) transferred from exploration and/or evaluation stage to development stage, not yet producing, and US\$117 million (2002: US\$7 million) transferred from development stage, not yet producing to now in production.

Notes to Financial Statements continued

22 Intangible assets

	2003 US\$M	2002 US\$M
Goodwill at cost	821	822
<i>deduct</i> Amounts amortised	355	309
	466	513
Patents, trademarks and licences at cost	–	7
<i>deduct</i> Amounts amortised	–	7
	–	–
Total intangible assets	466	513

23 Other assets (non-current)

	2003 US\$M	2002 US\$M
Pension asset (refer note 41)	270	224
Other deferred charges and prepayments	84	58
Total non-current other assets	354	282

24 Payables (current)

	2003 US\$M	2002 US\$M
Trade creditors	1 398	1 340
Sundry creditors	964	1 095
Total current payables	2 362	2 435

25 Interest bearing liabilities (current)

	2003 US\$M	2002 US\$M
Current portion of unsecured long-term loans		
Bank loans	230	154
Notes and debentures	150	706
Total current portion of long-term loans (a)	380	860
Current portion of		
Non-recourse finance (a)	78	173
Secured debt (limited recourse) (a)	28	35
Finance leases	4	2
Short-term interest bearing liabilities		
Unsecured bank loans	371	197
Unsecured other	16	21
Bank overdrafts		
Unsecured	21	509
Total other current interest bearing liabilities	518	937
Total current interest bearing liabilities (b)	898	1 797

(a) Refer note 28.

(b) Refer to note 38 for currency risk profile of interest bearing liabilities.

26 Other provisions and liabilities (current)

	2003 US\$M	2002 US\$M
Employee benefits	313	304
Post-retirement benefits	7	20
Restoration and rehabilitation	56	65
Restructuring	45	92
Other	138	141
Total current other provisions (a)	559	622
Dividends	468	402
Deferred income	114	92
Total current other provisions and liabilities	1 141	1 116

(a) Refer to note 29 for non-current portion of provisions and movement in total provisions.

27 Payables (non-current)

	2003 US\$M	2002 US\$M
Trade creditors	14	10
Sundry creditors	181	111
Total non-current payables	195	121

Notes to Financial Statements continued

28 Interest bearing liabilities (non-current)

	2003 US\$M	2002 US\$M
Unsecured long-term loans (at weighted average interest rates) ^(a)		
Bank loans		
At average fixed interest rates of 12.1%	85	148
At average floating interest rates of 6.2%	244	1 351
Commercial paper		
At average floating interest rates of 1.2%	138	849
Notes and debentures (issued in the US)		
At average fixed interest rates of 7.3%	1 673	2 019
At average floating interest rates of 1.8%	850	–
Medium term notes (issued in Australia)		
At average fixed interest rates of 7.7%	–	113
At average floating interest rates of 2.1%	803	692
Medium term notes (issued in Europe)		
At average fixed interest rates of 3.9%	741	–
Other		
At average fixed interest rates of 8.7%	176	198
At average floating interest rates of 1.1%	50	50
Total long-term loans	4 760	5 420
<i>less</i> Amounts repayable within 12 months ^(b)	380	860
Total non-current portion of long-term loans	4 380	4 560
Redeemable preference shares		
BHP Operations Inc ^(c)	450	450
Total redeemable preference shares	450	450
<i>less</i> Amounts repayable within 12 months ^(b)	–	–
Total non-current portion of redeemable preference shares	450	450
Non-recourse finance		
US\$ loans for the Escondida project with maturities 2002–2004	798	872
US\$ loans for the OHANET project with maturities 2004–2007	108	–
<i>less</i> Amounts repayable within 12 months ^(b)	78	173
Total non-current portion of non-recourse finance	828	699
Secured debt (limited recourse)		
US\$ and Euro loans for the Mozal project with maturities 2003–2004 ^(d)	506	449
<i>less</i> Amounts payable within 12 months ^(b)	28	35
Total non-current portion of secured debt (limited recourse)	478	414
Total non-current portion of long-term loans, redeemable preference shares, non-recourse finance and secured debt (limited recourse)	6 136	6 123
Other non-current interest bearing liabilities		
Finance leases	49	33
Other	241	227
Total non-current interest bearing liabilities ^(e)	6 426	6 383

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

(b) Refer note 25.

(c) BHP Operations Inc: Preferred stock

- Auction market preferred stock: 600 (2002: 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 (2002: 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.

(d) The limited recourse secured debt relates to the Mozal joint venture operation. The debt is secured by a charge over the assets of this joint venture operation 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.

(e) Refer to note 38 for currency, interest rate and maturity profiles of interest bearing liabilities.

29 Other provisions and liabilities (non-current)

	2003 US\$M	2002 US\$M
Employee benefits (a)	314	337
Post-retirement benefits (b)	310	195
Resource rent tax	241	214
Restoration and rehabilitation (e)	1 969	1 548
Restructuring (c)	12	33
Other (d)	160	118
Total non-current other provisions	3 006	2 445
Deferred income	345	319
Total non-current other provisions and liabilities	3 351	2 764

	Employee benefits(a) US\$M	Post- retirement benefits(b) US\$M	Resource rent tax US\$M	Restoration and rehabilitation(e) US\$M	Restructuring(c) US\$M	Other US\$M	Total US\$M
Movements in provision balances							
At 1 July 2002	641	215	214	1 613	125	259	3 067
Amounts capitalised	—	—	—	325	—	—	325
Demerger or disposals of subsidiaries	(183)	—	—	(1)	(1)	(34)	(219)
Charge/(credit) for the year							
Underlying	411	50	(3)	37	4	36	535
Discounting	3	—	—	94	—	—	97
Exchange variation	51	22	29	—	5	35	142
Exchange variation taken to reserves	1	—	3	15	—	1	20
Utilisation	(265)	(29)	—	(84)	(28)	(23)	(429)
Transfers and other movements	(32)	59	(2)	26	(48)	24	27
At 30 June 2003	627	317	241	2 025	57	298	3 565
Current (note 26)	313	7	—	56	45	138	559
Non-current	314	310	241	1 969	12	160	3 006

(a) In the year ended 30 June 2003 the average number of employees, excluding joint venture and associated entities employees, and including executive Directors was 34 801 (2002: 50 224). The provision for employee entitlements includes applicable amounts for annual leave and associated on-costs, including workers' compensation liabilities as detailed below:

	2003 US\$M	2002 US\$M
Self-insurance workers' compensation provision		
New South Wales	12	63
South Australia	—	1
Victoria	1	3
Western Australia	4	3
Queensland	14	12
Total workers' compensation liabilities	31	82

Comparative numbers for the year ended 30 June 2002 include certain amounts related to BHP Steel as follows: New South Wales US\$51 million; South Australia US\$1 million; Victoria US\$3 million; Western Australia US\$nil; and Queensland US\$nil. BHP Steel was demerged effective 1 July 2002. Refer note 3.

(b) The provision for post-retirement benefits includes pension liabilities of US\$65 million (2002: US\$31 million). Refer note 41.

29 Other provisions and liabilities (non-current) continued

- (c) The provision for restructuring costs as at 30 June 2003 includes remediation and site rehabilitation costs of US\$10 million (2002: US\$47 million).
- (d) Other provisions include non-current non-executive Directors' retirement benefits of US\$4 million (2002: US\$3 million).
- (e) 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 2003, US\$1 664 million (2002: US\$1 276 million) was provided for reclamation and decommissioning costs relating to current operations in the provision for site rehabilitation. 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 their net present value. 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\$3 391 million (2002: US\$2 863 million).
- In addition, the BHP Billiton Group has certain obligations associated with maintaining several closed sites including remediation activities. At 30 June 2003, US\$361 million (2002: US\$337 million) and US\$10 million (2002: US\$47 million) were provided for closed properties and remediation activities in the provisions for site rehabilitation and restructuring, respectively. The main closed site to which this provision relates is Southwest Copper in the US. 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 provided for these matters are reviewed periodically based upon the facts and circumstances available at the time and the provisions are updated accordingly. The BHP Billiton Group believes that it is reasonably possible that, due to the nature of the liability and the degree of uncertainty which surrounds them, the liability for these matters could be as much as 50 per cent (2002: 20 per cent) greater than the total amount of US\$371 million provided at 30 June 2003 (2002: US\$384 million). 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. On the 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 2003 the Company has provided US\$22 million (30 June 2002: US\$31 million) for its anticipated share of the planned remediation work, based on a range up 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\$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 virtually certain of realisation.

Hawaii, US

In May 1998, the BHP Billiton Limited Group 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, much of which has now been spent. Following the divestment, the BHP Billiton 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 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. The Group 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.

The Group's remaining liabilities for its former Hawaii businesses including remediation costs, though uncapped, are currently assessed and accrued at US\$11 million (2002: US\$12 million).

Newcastle, Australia

On 28 June 2002, the Group and the New South Wales (NSW) Government executed contracts for the transfer of four properties in the Newcastle area from the Group to the NSW Government. The properties covered by the land transfer are 150 hectares at the 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 Group US\$22 million (net of GST) for the Main Steelworks site. The other properties were transferred to the NSW Government at no cost. The Group will ultimately pay the NSW Government a sum of US\$73 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, of which US\$43 million has already been paid.

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 Group retains responsibility for any pre-existing 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 Group continues to be responsible for demolition at the Main Steelworks site at an estimated cost of approximately US\$5 million at 30 June 2003 (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 Group has also taken out pollution liability insurance to cover certain risks associated with pre-completion environmental liabilities referred to above.

Additionally the Group 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 2003 were approximately US\$30 million (2002: US\$75 million).

29 Other provisions and liabilities (non-current) 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 operates for the benefit of the Papua New Guinean people.

The Program Company operates 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 continues 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 also provides 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 ensures 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 no longer benefits 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.

30 Contributed equity and called up share capital

	2003 US\$M	2002 US\$M
BHP Billiton Limited		
<i>Paid up contributed equity^(a)</i>		
3 747 687 775 fully paid ordinary shares (2002: 3 724 893 687)	1 785	3 143
240 000 ordinary shares paid to A\$1.40 (2002: 320 000) ^(b)	–	–
1 095 000 ordinary shares paid to A\$1.36 (2002: 2 305 000) ^(b)	–	–
1 Special Voting Share (2002: 1) ^(c)	–	–
	1 785	3 143

	Number of shares 2003	2002
<i>Movements in fully paid ordinary shares</i>		
Opening number of shares	3 724 893 687	3 704 256 885
Shares issued on exercise of Employee Share Plan Options ^(d)	20 165 784	22 955 508
Shares issued on exercise of Performance Rights ^(d)	918 120	–
Partly paid shares converted to fully paid ^(b)	1 710 184	1 815 916
Shares bought back and cancelled ^(e)	–	(4 134 622)
Closing number of shares ^(f)	3 747 687 775	3 724 893 687

Notes to Financial Statements continued

30 Contributed equity and called up share capital continued

	2003 US\$M	2002 US\$M
BHP Billiton Plc		
<i>Allotted, called up and fully paid share capital</i>		
2 468 147 002 ordinary shares of US\$0.50 each (2002: 2 319 147 885) ^(g)	1 732	1 752
50 000 (2002: 50 000) 5.5% preference shares of £1 each ^(h)	–	–
1 Special Voting Share (2002: 1) ⁽ⁱ⁾	–	–
	1 732	1 752

	Number of shares 2003	2002
<i>Movements in allotted, called up and fully paid shares</i>		
Opening number of shares	2 319 147 885	2 319 147 885
Bonus shares issued ^(a)	148 999 117	–
Closing number of shares	2 468 147 002	2 319 147 885

(a) Contributed equity reduced by US\$1 456 million due to the demerger of BHP Steel in July 2002. This reflected a capital reduction of 69 Australian cents per share. The demerger resulted in BHP Billiton Limited shareholders being issued one BHP Steel share for every five BHP Billiton Limited shares held. BHP Billiton Plc shareholders did not receive shares in BHP Steel. Bonus shares were issued 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).

(b) 80 000 (2002: 65 000) shares paid to A\$1.40 and 1 210 000 (2002: 1 351 500) shares paid to A\$1.36 were converted to fully paid during 2003. There were no partly paid shares issued during the year (2002: nil). Including bonus shares, 1 710 184 (2002: 1 815 916 shares) were issued on conversion of these partly paid shares. 282 000 (2002: 650 000) partly paid shares are entitled to 321 984 (2002: 692 315) bonus shares on becoming fully paid. As a consequence of the BHP Steel demerger, an instalment call of A\$0.69 per share was made on partly paid shares which was then immediately replaced by the application of the capital reduction.

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

(d) The number of shares issued on exercise of options after 7 July 2001 includes bonus shares. Refer note 31.

(e) During the year ended 30 June 2003, BHP Billiton Limited did not repurchase any shares in accordance with its announced share buy-back program. 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. 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.

(f) During the period 1 July 2003 to 9 September 2003, 155 000 Executive Share Scheme partly paid shares were paid up in full, 2 978 357 fully paid ordinary shares (including attached bonus shares) were issued on the exercise of Employee Share Plan Options and 813 709 fully paid ordinary shares (including attached bonus shares) were issued on the exercise of Performance Share Plan Performance Rights.

(g) BHP Billiton Plc entered into an arrangement under which it contingently agreed to purchase its own shares from a special purpose vehicle (Nelson Investment Limited) established for that purpose. 3 890 000 ordinary shares were purchased in the year ended 30 June 2003 for an aggregate purchase price of US\$20 million, which was funded by the BHP Billiton Group.

(h) 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 J P Morgan Plc.

(i) An 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.

31 Employee share ownership plans

Summary of BHP Billiton Group employee share ownership plans

The following table is a summary of the awards made under the employee share ownership plans 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.

The details of the plans, including comparatives, are presented including, where applicable, a bonus element to which the participant became entitled as a result of the DLC merger on 29 June 2001 and the BHP Steel Limited demerger on 1 July 2002.

	Number of awards outstanding at 30 June 2003	Number of awards issued during year ended 30 June 2003	Fair value of an award issued during year ended 30 June 2003 US\$
BHP Billiton Limited employee share awards			
Group Incentive Scheme	7 313 516	7 510 243	1.13
Employee Share Plan (shares)	20 508 095	—	—
Employee Share Plan (Options)	37 571 802	67 500	1.22
Executive Share Scheme (partly paid shares)	1 656 984	—	—
Performance Share Plan (LTI)	7 924 676	—	—
Performance Share Plan (MTI)	238 940	—	—
Bonus Equity Share Plan (shares)	856 345	—	—
BHP Billiton Plc employee share awards			
Group Incentive Scheme	3 634 251	3 966 768	1.08
Restricted Share Scheme	4 608 382	—	—
Co-Investment Plan	837 450	—	—

BHP Billiton Group employee share ownership plans

The following tables relate to shares and options issued under the BHP Billiton Limited Employee Share Plan, partly paid shares issued under the BHP Billiton Limited Executive Share Scheme, performance rights issued under the BHP Billiton Limited Performance Share Plan, shares issued under the BHP Billiton Limited Bonus Equity Share Plan and awards issued under the BHP Billiton Group Incentive Scheme as well as awards issued under the BHP Billiton Plc Restricted Share Scheme and BHP Billiton Plc Co-Investment Plan.

	Restricted Share Scheme awards ^(a)		Co-Investment Plan awards ^(b)	
	2003	2002	2003	2002
Number of awards issued since the DLC merger ^(c)	5 657 555	5 657 555	1 023 425	1 023 425
<i>During the financial year</i>				
Number of awards remaining at the beginning of the financial year	5 351 690	—	1 000 399	—
Number of awards issued	—	5 657 555	—	1 023 425
Number of awards exercised	(426 604)	(56 568)	(45 415)	(6 525)
Number of awards lapsed	(316 704)	(249 297)	(117 534)	(16 501)
Number of awards remaining at the end of the financial year	4 608 382	5 351 690	837 450	1 000 399
Exercisable	—	—	—	—
Not exercisable	4 608 382	5 351 690	837 450	1 000 399
Number of employees participating in awards issued	—	239	—	126
Market value of awards issued (US\$ million) ^(d)	—	—	—	—
Proceeds from awards issued (US\$ million)	—	—	—	—
Number of employees exercising awards	22	8	10	2
Market value of shares on exercise of awards (US\$ million)	2	—	—	—

Notes to Financial Statements continued

31 Employee share ownership plans continued

	Group Incentive Scheme Performance Shares (BHP Billiton Plc)(e)		Group Incentive Scheme Performance Shares (BHP Billiton Limited)(e)	
	2003	2002	2003	2002
Number of awards issued since commencement of the Plan	3 966 768		7 510 243	
<i>During the financial year</i>				
Number of awards remaining at the beginning of the financial year	–		–	
Number of awards issued	3 966 768		7 510 243	
Number of awards exercised	–		–	
Number of awards lapsed	(332 517)		(196 727)	
Number of awards remaining at the end of the financial year	3 634 251		7 313 516	
Exercisable	–		–	
Not exercisable	3 634 251		7 313 516	
Number of employees participating in awards issued	221		424	
Market value of awards issued (US\$ million) ^(d)	–		–	
Proceeds from awards issued (US\$ million)	–		–	
Number of employees exercising awards	–		–	
Market value of shares on exercise of awards (US\$ million)	–		–	

	Employee Share Plan Options ^(f)		Weighted Average Exercise Price (A\$)	
	2003	2002	2003	2002
Number of awards issued since commencement of the Plan	178 032 575	177 965 075		
<i>During the financial year</i>				
Number of awards remaining at the beginning of the financial year	60 994 303	74 588 800	8.29	7.92
Number of awards issued	67 500	14 077 500	8.95	8.98
Number of awards exercised	(20 165 784)	(22 955 508)	7.25	7.66
Number of awards lapsed	(3 324 217)	(4 716 489)	7.53	7.78
Number of awards remaining at the end of the financial year	37 571 802	60 994 303	7.81	8.29
Exercisable	15 899 927	32 297 444	7.03	7.62
Not exercisable	21 671 875	28 696 859	8.38	9.04
Number of employees participating in awards issued	1	266		
Market value of awards issued (US\$ million) ^(d)	–	–		
Proceeds from awards issued (US\$ million)	–	–		
Number of employees exercising awards	9 857	12 081		
Market value of shares on exercise of awards (US\$ million)	121	132		
Proceeds from exercise of options (US\$ million)	83	94		

31 Employee share ownership plans continued

	Employee Share Plan Shares ^(f)		Executive Share Scheme Partly Paid Shares ^(h)	
	2003	2002	2003	2002
Number of awards issued since commencement of the Plan	373 745 102	373 745 102	50 529 280	50 529 280
<i>During the financial year</i>				
Number of awards remaining at the beginning of the financial year	45 827 460	62 781 518	3 367 168	5 183 084
Number of awards issued	–	–	–	–
Number of awards exercised	(25 319 365)	(16 954 058)	(1 710 184)	(1 815 916)
Number of awards lapsed	–	–	–	–
Number of awards remaining at the end of the financial year	20 508 095	45 827 460	1 656 984	3 367 168
Exercisable	20 508 095	45 827 460	1 656 984	3 367 168
Not exercisable	–	–	–	–
Number of employees participating in awards issued			–	–
Market value of awards issued (US\$ million) ^(d)			–	–
Proceeds from awards issued (US\$ million)			–	–
Number of employees exercising awards			11	14
Market value of shares on exercise of awards (US\$ million)			7	8
Employee Share Plan Loans outstanding (US\$ million) ^(g)	71	135		
Proceeds from conversion of partly paid shares (US\$ million)			10	10

	Performance Share Plan Performance Rights ^{(f)(i)(k)}		Bonus Equity Share Plan Shares ⁽ⁱ⁾	
	2003	2002	2003	2002
Number of awards issued since commencement of the Plan	12 679 547	12 679 547	1 016 845	1 016 845
<i>During the financial year</i>				
Number of awards remaining at the beginning of the financial year	10 293 469	6 234 311	1 016 845	–
Number of awards issued	–	5 527 117	–	1 016 845
Number of awards exercised	(1 901 694)	(1 235 794)	(135 945)	–
Number of awards lapsed	(228 159)	(232 165)	(24 555)	–
Number of awards remaining at the end of the financial year	8 163 616	10 293 469	856 345	1 016 845
Exercisable	–	57 384	–	–
Not exercisable	8 163 616	10 236 085	856 345	1 016 845
Number of employees participating in awards issued	–	118	–	117
Market value of awards issued (US\$ million) ^(d)	–	–	–	–
Proceeds from awards issued (US\$ million)	–	–	–	–
Number of employees exercising awards	22	21	26	–
Market value of shares on exercise of awards (US\$ million)	8	6	1	–

Notes to Financial Statements continued

31 Employee share ownership plans continued

Month of issue	Number issued	Number of recipients	Number exercised	Number lapsed	Balance date	Awards outstanding at: Date of Directors' Report	Exercise Price(m)	Exercise period/ release date
Group Incentive Scheme Performance Shares (BHP Billiton Limited)								
November 2002	7 510 243	424	–	196 727	7 313 516	7 301 322	–	July 2005 – June 2008
					7 313 516	7 301 322		
Employee Share Plan Options								
September 2002	67 500	1	–	–	67 500	67 500	A\$8.95	Oct 2004 – Sept 2011
November 2001	6 870 500	113	231 387	361 384	6 277 729	5 717 600	A\$8.30	Oct 2004 – Sept 2011
November 2001	7 207 000	153	665 913	454 487	6 086 600	5 858 500	A\$8.29	Oct 2004 – Sept 2011
December 2000	3 444 587	67	247 812	262 262	2 934 513	2 797 990	A\$8.72	July 2003 – Dec 2010
December 2000	2 316 010	59	503 884	155 738	1 656 388	1 645 121	A\$8.71	July 2003 – Dec 2010
November 2000	1 719 196	44	245 747	263 701	1 209 748	1 095 783	A\$8.28	July 2003 – Oct 2010
November 2000	7 764 776	197	3 892 714	432 665	3 439 397	3 372 926	A\$8.27	July 2003 – Oct 2010
April 2000	61 953	3	–	–	61 953	61 953	A\$7.60	April 2003 – April 2010
April 2000	937 555	5	–	138 362	799 193	760 473	A\$7.60	April 2003 – April 2010
December 1999	413 020	1	–	–	413 020	413 020	A\$8.61	April 2002 – April 2009
December 1999	309 765	1	–	–	309 765	309 765	A\$7.50	April 2002 – April 2009
October 1999	123 906	6	103 255	20 651	–	–	A\$7.57	April 2002 – April 2009
October 1999	105 320	3	14 456	30 976	59 888	59 888	A\$7.57	April 2002 – April 2009
July 1999	206 510	1	–	–	206 510	206 510	A\$7.60	April 2002 – April 2009
April 1999	44 474 820	45 595	14 343 772	20 669 379	9 461 669	8 365 927	A\$6.92	April 2002 – April 2009
April 1999	16 901 398	944	6 055 906	6 257 563	4 587 929	3 458 320	A\$6.92	April 2002 – April 2009
April 1998	366 555	16	325 253	41 302	–	–	A\$6.45	April 2001 – April 2003
April 1998	289 114	23	268 463	20 651	–	–	A\$6.44	April 2001 – April 2003
November 1997	3 261 619	3 501	2 490 511	771 108	–	–	A\$6.84	Nov 2000 – Nov 2002
November 1997	16 336 800	16 411	13 658 778	2 678 022	–	–	A\$6.84	Nov 2000 – Nov 2002
October 1997	11 234 144	511	11 047 252	186 892	–	–	A\$6.73	Oct 2000 – Oct 2002
October 1997	8 243 879	379	7 823 631	420 248	–	–	A\$6.73	Oct 2000 – Oct 2002
July 1997	413 020	1	413 020	–	–	–	A\$8.49	July 2000 – July 2002
July 1997	816 747	36	673 223	143 524	–	–	A\$8.49	July 2000 – July 2002
					37 571 802	34 191 276		
Performance Share Plan Performance Rights ⁽ⁿ⁾								
November 2001 (LTI)	5 114 298	110	239 182	254 046	4 621 070	4 545 816	–	Oct 2004 – Sept 2011
October 2001 (LTI)	173 879	2	–	–	173 879	173 879	–	Oct 2004 – Sept 2011
October 2001 (MTI)	238 940	6	–	–	238 940	238 940	–	Oct 2003 – Mar 2006
December 2000 (LTI)	415 510	11	–	–	415 510	319 210	–	July 2003 – Dec 2010
November 2000 (LTI)	4 441 620	104	1 521 126	206 277	2 714 217	2 072 070	–	July 2003 – Oct 2010
March 1999 (LTI)	2 295 300	1	2 295 300	–	–	–	–	Mar 1999 – Mar 2009
					8 163 616	7 349 915		
Bonus Equity Share Plan Shares								
November 2001	1 016 845	117	135 945	24 555	856 345	852 928	–	Nov 2004 – Oct 2006
					856 345	852 928	–	

31 Employee share ownership plans continued

Month of issue	Number issued	Number of recipients	Number exercised	Number lapsed	Balance date	Awards outstanding at: Date of Directors' Report	Exercise Price ^(m)	Exercise period/ release date
Group Incentive Scheme Performance Shares (BHP Billiton Plc)								
November 2002	3 966 768	221	–	332 517	3 634 251	3 556 429	–	July 2005 – June 2008
					3 634 251	3 556 429		
Restricted Share Scheme ⁽ⁿ⁾								
November 2001 (Share awards)	292 577	1	–	169 358	123 219	123 219	–	Nov 2004
October 2001 (Share awards)	4 446 532	197	367 133	384 546	3 694 853	3 572 357	–	Nov 2004
October 2001 (Options)	918 446	41	116 039	12 097	790 310	776 049	–	Oct 2004 – Sept 2008
					4 608 382	4 471 625		
Co-Investment Plan ⁽ⁿ⁾								
November 2001	100 945	1	–	58 637	42 308	42 298	–	Nov 2003 – April 2006
October 2001	922 480	125	51 940	75 398	795 142	685 369	–	Oct 2003 – March 2006
					837 450	727 667		

Fair valuation of employee share awards ^(o)

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

	2003 US\$	2002 US\$
Fair value of a Group Incentive Scheme Performance Share (BHP Billiton Limited)	1.13	
Fair value of a Group Incentive Scheme Performance Share (BHP Billiton Plc)	1.08	
Fair value of an Employee Share Plan option	1.22	1.22
Fair value of a Restricted Share Scheme award		1.65
Fair value of a Co-Investment Plan matching award		2.63
Fair value of a Performance Right (LTI)		1.86
Fair value of a Performance Right (MTI)		2.97
Fair value of a Bonus Equity Share Plan award ^(p)		4.76

Notes to Financial Statements continued

31 Employee share ownership plans continued

The fair values of awards granted were estimated using Black-Scholes option pricing techniques using the following significant assumptions:

	2003	2002
Group Incentive Scheme Performance Shares (BHP Billiton Limited)		
Risk free interest rate	4.6%	
Estimated life of awards	5 years ^(q)	
Estimated volatility of share price	20.0%	
Estimated per annum lapses due to attrition of participants over term	5.0% ^(r)	
Dividend yield	2.5%	
Group Incentive Scheme Performance Shares (BHP Billiton Plc)		
Risk free interest rate	4.6%	
Estimated life of awards	5 years ^(q)	
Estimated volatility of share price	20.0%	
Estimated per annum lapses due to attrition of participants over term	5.0% ^(r)	
Dividend yield	2.5%	
Employee Share Plan Options		
Risk free interest rate	4.8%	4.8%
Estimated life of options	5 years ^(q)	5 years ^(q)
Estimated volatility of share price	20.0%	20.0%
Dividend yield	2.2%	2.2%
Restricted Share Scheme awards		
Risk free interest rate		4.8%
Estimated life of awards		5 years ^(q)
Estimated volatility of share price		20.0%
Dividend yield		2.2%
Co-Investment Plan matching awards		
Risk free interest rate		4.6%
Estimated life of awards		4 years ^(q)
Estimated volatility of share price		20.0%
Dividend yield		2.2%
Performance Rights (LTI)		
Risk free interest rate		4.8%
Estimated life of Performance Rights		5 years ^(q)
Estimated volatility of share price		20.0%
Dividend yield		2.2%
Performance Rights (MTI)		
Risk free interest rate		4.6%
Estimated life of Performance Rights		4 years ^(q)
Estimated volatility of share price		20.0%
Dividend yield		2.2%

31 Employee share ownership plans continued

(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 were made on the recommendation of the Remuneration Committee and, in the case of other employees, the Remuneration Committee recommended the level of award following proposals from the Executive Committee. An award takes the form of conditional awards or share options in BHP Billiton Plc and was made subject to performance hurdles that were set by the Remuneration Committee. The Remuneration Committee also recommended the value of the ordinary shares to constitute an award and this value did not exceed 100 per cent of a participant's annual base salary. Subject to the performance hurdles being met and the extent to which they are met, the award will vest and the participant will become entitled to the appropriate number of ordinary shares, or if relevant entitled to exercise options over the relevant number of ordinary shares. The Employee Share Ownership Trust (ESOP 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:

- (i) one performance hurdle 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 percentage of shares that vest under the RSS will not be greater than the percentage 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, carry no right to dividends and no voting rights. Where there is a share issue before an award vests, the number of shares that constitute the award is adjusted at the discretion of the Remuneration Committee.

(b) Invitations to participate in the Co-Investment Plan (CIP) were made by the Remuneration Committee to selected employees (including executive Directors) of the BHP Billiton Plc Group. The selected employees were asked to indicate the proportion of their discretionary annual bonus for the current financial year they wished 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 was used by the ESOP Trust 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. 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 hurdles 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 issued as presented in the preceding tables represents both committed awards and matching awards.

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

- (i) one performance hurdle 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 hurdles are met. If the performance hurdles have 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 percentage of shares under the matching award that vest cannot be greater than the percentage of the 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 (i) below.
 - (vii) awards are not transferable. Awards carry no right to dividends and no voting rights. Where there is a share issue before an award vests, the number of shares that constitute the matching award is adjusted at the discretion of the Remuneration Committee.
- (c) All awards issued under the RSS and CIP prior to June 2001 vested as a consequence of the DLC merger. Data as presented reflects awards granted after completion of the DLC merger only.
- (d) Options, Performance Rights and awards issued under the Group Incentive Scheme, Bonus Equity Share Plan, RSS and CIP are not transferable nor are they listed and as such do not have a market value. Refer footnote (c) for estimated fair values.
- (e) The Group Incentive Schemes were approved by shareholders at the 2002 Annual General Meeting. The Group granted Performance Shares to participants in November 2002 under transition arrangements of the Schemes, subject to achievement of specified performance hurdles. The Performance Shares granted are subject to meeting the three-year TSR and Earnings Per Share (EPS) performance hurdles at the end of the three-year performance period. The EPS growth threshold will be satisfied if the compound EPS growth for the Group during the performance period is at least equal to the higher of the increase in the Australian Consumer Price Index and the increase in the UK Retail Price Index, plus 2 per cent per annum, over the performance period. The TSR threshold is based on whether the TSR achieved by the peer group companies is greater than the TSR achieved by either BHP Billiton Limited or BHP Billiton Plc (whichever is lower) over the performance period. In essence, TSR is measured by the sum of any increase in share price of, plus dividends paid by, the various companies.

31 Employee share ownership plans continued

- (f) The Employee Share Plan provided 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 Board deemed appropriate. These ordinary shares are issued from share capital. 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 were issued under the Employee Share Plan on the following terms:
- (i) shares were 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. The exercise price of an option is the market value less a discount not exceeding 10 per cent.
 - (ii) where shares were offered, interest free employee loans were made 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 employment or the 20-year period, whichever is earlier.
 - (iii) 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.
 - (iv) 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 were issued. Although exercise price was 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.
 - (v) the Board of Directors applied performance hurdles to the exercise of options issued in or after April 1999.
 - (vi) options granted in April 2000 are ten-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). BHP Billiton Limited's performance in terms of TSR is measured against both of these groups to determine if performance hurdles have been achieved.
 - (vii) 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.
 - (viii) options granted in November 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.
 - (ix) options are not transferable. Options carry no right to dividends and no voting rights. Where there is a share issue before an option is exercised, the number of shares awarded on exercise will increase accordingly.
 - (x) unexercised options will expire at the end of the exercise period.
- (g) Classified on the Statement of Financial Position 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 participated in the Employee Share Plan was ineligible to participate in the Executive Share Scheme.
 - (ii) shares were offered at an issue price determined by the Board which was not less than a 10 per cent discount nor more than a 10 per cent premium on the current market price (measured over a five-day period).
 - (iii) 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.
 - (iv) 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.
 - (v) there is no entitlement to dividends on the Scheme shares while they remain partly paid, unless the Board determines otherwise.
 - (vi) 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.
 - (vii) in respect of Scheme shares issued after June 1996, the issue of bonus shares will be deferred until the underlying Scheme shares are fully paid. 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.
 - (viii) 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 participant, 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 participant 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 were issued on the following terms:
- (i) the exercise price of Performance Rights is nil. Performance Rights are not transferable. Performance Rights carry no right to dividends, and no voting rights. Where there is a share issue before a Performance Right is exercised, the number of shares awarded on exercise will increase accordingly.
 - (ii) Performance Rights will lapse if performance hurdles or service conditions are not satisfied or in other specified situations. Generally, Performance Rights lapse on the tenth anniversary of their date of issue unless previously exercised or lapsed in accordance with their terms of issue.
 - (iii) 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 was 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.
 - (iv) 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 is 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. The percentage of Performance Rights that vest cannot be greater than the percentage of shares that vest under the RSS. Refer footnote (a) above.
- (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.

31 Employee share ownership plans continued

The participants 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 was used to acquire Performance Rights. This is known as the committed award.

Each participant who acquired a committed award was also granted a matching award of Performance Rights 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 hurdles 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) one performance hurdle 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 the 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 to the extent the performance hurdles are met. If the performance hurdles have 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 be equal to or in excess of 2 per cent per annum over the Australian Consumer Price Index.
- (vi) the percentage of Performance Rights under the matching award that vest cannot be greater than the percentage of shares that vest under the CIP. Refer footnote (b) above.
- (vii) the exercise price of Performance Rights is nil. Performance Rights are not transferable. Performance Rights carry no right to dividends, and no voting rights. Where there is a share issue before a Performance Right is exercised, the number of shares awarded on exercise will increase accordingly.
- (k) The number of shares received on exercise of Performance Rights issued in March 1999 has 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, for Performance Rights on issue as at 29 July 2001 the number of shares received on exercise has been increased following the bonus issue, which resulted from the DLC merger. Following the BHP Steel demerger in July 2002, the number of shares received on exercise of Performance Rights was increased to reflect the capital reduction impact on the value of BHP Billiton Limited shares.

- (l) The Bonus Equity Share Plan provided eligible employees with the opportunity to take a portion of their incentive plan award in ordinary shares in BHP Billiton Limited. Eligibility was determined by the Board. Participants who elected to take their incentive plan award in shares under the Plan also received an uplift of 25 per cent so that for each A\$1 of award taken as shares, A\$1.25 worth of shares were provided. The shares were 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 participants 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) Although the exercise price of options was not affected by the bonus issue of shares, the exercise price for options have been adjusted to take into account the bonus issue of shares which took effect 29 June 2001 as a result of the DLC merger. Exercise prices were also reduced by A\$0.66 (pre-bonus issue of shares) following the OneSteel Limited spin-out on 31 October 2000 and by A\$0.69 following the BHP Steel Limited demerger in July 2002.
- (n) Shares issued on exercise of Performance Rights and awards under the RSS and CIP include shares purchased on market.
- (o) The values of all awards granted during the years ended 30 June 2003 and 30 June 2002, 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.
- (p) The fair value of a Bonus Equity Share Plan award is equal to the market value of a BHP Billiton Limited share on the date of grant.
- (q) Subject to performance conditions.
- (r) The fair value of an award excluding the impact of attrition of participants is US\$1.24 for a Group Incentive Scheme Performance Share (BHP Billiton Plc) and US\$1.29 for a Group Incentive Scheme Performance Share (BHP Billiton Limited).

Notes to Financial Statements continued

32 Reserves

	2003 US\$M	2002 US\$M
General reserve	–	84
Exchange fluctuation account	362	387
Total reserves	362	471
Reconciliation of movements in reserves:		
General reserve		
Opening balance	84	84
Transfer to retained profits on asset disposal	(51)	–
BHP Steel demerger ^(a)	(33)	–
Closing balance	–	84
Exchange fluctuation account		
Opening balance	387	446
Exchange fluctuations on foreign currency interest bearing liabilities net of tax ^(b)	5	136
Exchange fluctuations on foreign currency net assets net of tax	62	(111)
Transfer to retained profits on sale of assets/closure of operations	(92)	(84)
Closing balance	362	387

(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 have been charged against profit.

(b) Consolidated income tax expense applicable US\$2 million (2002: US\$1 million expense).

33 Retained profits

	2003 US\$M	2002 US\$M
Retained profits opening balance	7 455	6 526
Dividends provided for or paid ^(a)	(900)	(784)
Aggregate of amounts transferred from reserves ^(b)	143	84
BHP Billiton Limited share buy-back program ^(c)	–	(19)
Net profit	1 860	1 648
Retained profits closing balance	8 558	7 455

(a) Refer note 11.

(b) Refer note 32.

(c) Refer note 30.

34 Outside equity interests

	2003 US\$M	2002 US\$M
Contributed equity	65	58
Reserves	1	4
Retained profits	258	270
Total outside equity interests	324	332

35 Total equity

	2003 US\$M	2002 US\$M
Total equity opening balance	13 153	12 232
Total changes in equity recognised in the Statement of Financial Performance	1 927	1 673
Transactions with owners – contributed equity	98	104
Dividends ^(a)	(900)	(784)
BHP Billiton Limited share buy-back program ^(b)	–	(19)
BHP Billiton Plc share repurchase scheme ^(c)	(20)	–
BHP Steel demerger – capital reduction	(1 489)	–
Total changes in outside equity interests	(8)	(53)
Total equity closing balance	12 761	13 153

^(a) Refer note 11.

^(b) Refer note 30.

^(c) BHP Billiton Plc entered into an arrangement under which it contingently agreed to purchase its own shares from a special purpose vehicle (Nelson Investment Limited) established for that purpose. 3 890 000 ordinary shares were purchased in the year ended 30 June 2003 at an aggregate purchase price of US\$20 million, which was 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. No shares were re-issued during the year ended 30 June 2003.

Notes to Financial Statements continued

36 Notes to the Statement of Cash Flows

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

	2003 US\$M	2002 US\$M
Reconciliation of cash		
Cash and cash equivalents comprise:		
Cash assets		
Cash	587	1 199
Short-term deposits	965	300
Total cash assets	1 552	1 499
Bank overdrafts ^(a)	(21)	(509)
Total cash and cash equivalents	1 531	990
Reconciliation of net cash provided by operating activities to net profit		
Net profit	1 900	1 695
Depreciation and amortisation	1 689	1 769
Share of net profit of joint venture and associated entities less dividends	33	(74)
Capitalised borrowing costs	(103)	(58)
Exploration, evaluation and development expense (excluding diminution)	248	243
Net (gain) on sale of non-current assets	(34)	(119)
Diminution of property, plant and equipment, investments and intangibles	73	272
Employee share awards	60	28
Change in assets and liabilities net of effects from acquisitions and disposals of controlled entities and exchange fluctuations		
(Increase) in inventories	(250)	(11)
(Increase)/decrease in deferred charges	(118)	10
(Increase) in trade receivables	(264)	(266)
(Increase) in sundry receivables	(98)	(15)
(Decrease)/increase in income taxes payable	(189)	335
Increase in deferred taxes	87	84
Increase in trade creditors	132	37
Increase in sundry creditors	112	49
Decrease in interest payable	(14)	(25)
Increase/(decrease) in other provisions and liabilities	387	(87)
Other movements	(24)	(21)
Net cash provided by operating activities	3 627	3 846

36 Notes to the Statement of Cash Flows continued

	2003 US\$M	2002 US\$M
Carrying amount of controlled entities demerged or disposed		
Value of assets and liabilities of entities demerged or disposed of:		
Cash and cash equivalents	86	—
Investments (current)	1	—
Receivables (current)	304	32
Inventories (current)	284	19
Other (current)	8	2
Receivables (non-current)	7	—
Investments (non-current)	91	—
Inventories (non-current)	35	—
Property, plant and equipment	1 881	127
Other (non-current)	26	1
Payables and interest bearing liabilities (current)	(346)	(50)
Provisions (current)	(102)	(8)
Payables and interest bearing liabilities (non-current)	(54)	—
Provisions (non-current)	(339)	(44)
Net outside equity interests disposed	(21)	16
Net identifiable assets	1 861	95
Net consideration received		
Cash (b)(c)	347	161
Deferred tax benefit	6	—
Settlement of capital reduction	1 489	—
(Loss)/profit on demerger or disposal	(19)	66
Non-cash financing and investing activities		
Other:		
Employee Share Plan loan instalments (d)	2	6

Company	Profit/(loss) attributable to members of the BHP Billiton Group arising on disposal US\$M	Fair value of net tangible assets on disposal US\$M
Material demergers or disposals of controlled entities		
2003		
BHP Steel Limited Group	(19)	1 861
2002		
PT Arutmin Indonesia	21	73

There were no material acquisitions in 2003 and 2002.

(a) Refer note 25.

(b) There was no deferred consideration received in 2003 or 2002 for entities sold in prior years.

(c) The impact on the BHP Billiton Group's cash flows of the demerger of the BHP Steel business in July 2002, was a cash inflow of US\$347 million. This represents US\$294 million from the settlement by BHP Steel of intercompany loans, less US\$22 million demerger transaction costs paid, which are both included in proceeds from sale or partial sale, of controlled entities, joint venture and associated entities' interests net of their cash, and US\$75 million from the sale of the 6 per cent interest in BHP Steel which is included in proceeds from sale or redemption of investments.

(d) The Employee Share Plan loan instalments represent the repayment of loans outstanding with the BHP Billiton Group, by the application of dividends.

Notes to Financial Statements continued

37 Standby arrangements, unused credit facilities

	Facility available 2003 US\$M	Used 2003 US\$M	Unused 2003 US\$M	Facility available 2002 US\$M	Used 2002 US\$M	Unused 2002 US\$M
BHP Billiton Group						
<i>Bank standby and support arrangements</i>						
Revolving credit facilities	3 500	138	3 362	2 500	849	1 651
Other credit facilities	–	–	–	200	200	–
Overdraft facilities	71	21	50	31	–	31
Total financing facilities	3 571	159	3 412	2 731	1 049	1 682

Details of major standby and support arrangements are as follows:

Global revolving credit facility

The BHP Billiton Group implemented a US\$2.5 billion syndicated multi-currency revolving facility comprising Tranches A and B of US\$1.25 billion each. Tranche A of this facility, which matured in September 2002, was extended for a further period of 364 days with a maturity of September 2003. Tranche B of the facility has a maturity date of September 2006.

In addition to the above, a US\$1 billion syndicated revolving credit facility is available to one of the Group's wholly-owned subsidiaries. This facility matures in December 2005.

The BHP Billiton Group has raised short-term finance under an A\$2 billion Australian commercial paper program and a US\$2 billion US commercial paper program. The amount issued under the commercial paper programs at 30 June 2003 was US\$138 million. The commercial paper programs are supported by Tranche B of the syndicated multi-currency revolving facility.

Other credit facilities and overdraft facilities

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

38 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 Cash Flow 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 cash flows after taking into account diversification effects. (CFaR is the worst expected loss relative to projected business plan cash flows over a one-year horizon under normal market conditions at a confidence level of 95 per cent.)

Where CFaR is within the Board approved limits, 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 or utilise other techniques to return risk to within approved parameters.

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 profit 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.

During the year ended 30 June 2003 the FRMC approved a policy extension under which the Group generally hedges the non-US dollar currency exposure of major capital expenditure projects. Operational currency exposures continue to be managed on a portfolio basis (see section on 'Currency risk' for further details).

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.

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 instruments' actual cash flows are denominated in US dollars, UK pounds sterling 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	
	2003 %	2002 %	2003 %	2002 %	2003 US\$M	2002 US\$M
Interest rate swaps						
US dollar swaps						
Pay fixed/receive floating ^(a)						
2002	—	6.30	—	3.05	—	41
Pay floating ^(a) /receive fixed						
2003	1.80	—	4.80	—	850	—
2004–2013	—	—	4.80	—	850	—
UK pounds sterling swaps						
Pay floating/receive fixed						
2002	—	4.73	—	9.49	—	19
Australian dollar swaps						
Pay floating ^(a) /receive fixed						
2002	—	5.11	—	7.36	—	170
2003	5.48	—	7.50	7.36	200	170
2004	—	—	7.50	7.36	200	170
2005	—	—	7.50	7.36	200	170

^(a) Floating interest rate in future periods will be based on LIBOR for US dollar 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 US\$1.25 billion 364 day revolving credit component of the US\$2.5 billion syndicated multi-currency revolving credit facility that was due for expiry in September 2002 was extended for a further period of 364 days to September 2003. The US\$1.25 billion term component of the US\$2.5 billion syndicated multi-currency revolving credit facility expires in September 2006.

In October 2002, Moody's Investor Services upgraded the BHP Billiton Group's long-term credit rating to A2 from A3 and short-term credit rating to P-1 from P-2. This upgrade reflects the successful combination of the Group's operations following the merger in June 2001, the benefit of a substantially diversified portfolio and the Group's continued focus on maintaining disciplined financial policies. Standard & Poor's rating for the Group remains on positive watch after being upgraded in September 2001

to its current long-term credit rating of A and short-term credit rating of A-1.

The BHP Billiton Group's stronger credit profile enabled it to further diversify its funding sources resulting in the following financing activities undertaken during the year:

- In October 2002 the Group issued its inaugural Eurobond under the US\$1.5 billion Euro Medium Term Note (EMTN) program. The issue of €750 million five-year notes was swapped back to US dollars.
- In April 2003 the Group issued its inaugural Global Bond of US\$850 million with a ten-year maturity.
- In May 2003 the Group increased the EMTN program size from US\$1.5 billion to US\$2.0 billion.
- In June 2003 the Group established a US\$2 billion US commercial paper program and during the same month carried out its first issue off the program.

38 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.

Credit risk

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

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

The extent of the BHP Billiton Group's combined trade and derivative credit risk exposure is represented by the aggregate of amounts receivable, reduced by the effect of netting arrangements with financial institution counterparties.

These risks are categorised under the following headings:

Counterparties

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

- *Receivables counterparties*
Sales to BHP Billiton Group customers are made either on open terms or subject to independent payment guarantees. The BHP Billiton Group has no significant concentration of credit risk with any single customer or group of customers.
- *Payment guarantee counterparties*
These counterparties are comprised of prime financial institutions. Under payment guarantee arrangements, the BHP Billiton Group has no significant concentration of credit risk with any single counterparty or group of counterparties.
- *Hedge counterparties*
Counterparties to derivatives consist of a large number of prime financial institutions and physical participants in the relevant markets. The BHP Billiton Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

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

Geographic

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

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

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

Industry

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

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 operations, 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, foreign exchange hedging contracts are entered into in foreign exchange markets. Operating and capital costs are hedged using forward exchange and currency option contracts.

A significant contributor to the outstanding positions as at 30 June 2003 is due to legacy positions which were taken out prior to the BHP Billiton merger to hedge US dollar sales revenue earned by operations within the BHP Billiton Limited Group whose functional currency was not US dollars. At the time of the merger the hedge contracts were redesignated as hedges of Australian dollar operating costs. These hedges will run off during the 2004 financial year.

During the year ended 30 June 2003 the FRMC approved a policy extension under which the Group generally hedges the non-US dollar currency exposure of major capital expenditure projects. Forward contracts taken out under this policy are separately disclosed below as 'Relating to capital expenditure hedging'.

The following tables provide information about the principal currency hedge contracts.

38 Financial instruments continued

Term	Weighted average exchange rates		Contract amounts	
	2003	2002	2003 US\$M	2002 US\$M
Relating to capital expenditure hedging				
Forward contracts – sell US dollars/buy Australian dollars				
Not later than one year	0.5276	–	212	–
Later than one year but not later than two years	0.5186	–	13	–
Total	0.5271	–	225	–
Relating to operating hedging				
Forward contracts – sell US dollars/buy Australian dollars				
Not later than one year ^(a)	0.6240	0.6562	732	919
Later than one year but not later than two years	–	0.6170	–	360
Total	0.6240	0.6447	732	1 279
Forward contracts – sell Euros/buy US dollars				
Not later than one year	0.9061	1.0825	175	100
Later than one year but not later than two years	0.8532	–	12	–
Later than two years but not later than three years	0.8584	–	6	–
Total	0.9015	1.0825	193	100
Forward contracts – sell US dollars/buy Euros				
Not later than one year	0.9678	1.0855	45	153
Later than one year but not later than two years	1.0742	1.0922	3	21
Later than two years but not later than three years	1.0594	1.0742	3	3
Later than three years but not later than four years	1.0687	1.0594	22	3
Later than four years but not later than five years	–	1.0687	–	22
Total	1.0067	1.0839	73	202
Forward contracts – sell US dollars/buy UK pounds sterling				
Not later than one year ^(b)	0.6222	0.6879	185	118
Later than one year but not later than two years	–	0.7041	–	1
Total	0.6222	0.6881	185	119
Forward contracts – sell UK pounds sterling/buy US dollars				
Not later than one year	0.6232	–	46	–
Later than one year but not later than two years	0.6483	–	8	–
Total	0.6267	–	54	–
Forward contracts – sell US dollars/buy South African rand				
Not later than one year ^(c)	7.7743	10.61	58	56
Later than one year but not later than two years	–	10.15	–	1
Total	7.7743	10.60	58	57

^(a) Recognised in the financial statements are contract amounts of US\$220 million at a weighted average A\$/US\$ exchange rate of 0.6275, relating to the hedging of Australian dollar dividend payments (these contracts expired on 2 July 2003) and other contracts of US\$70 million at a weighted average A\$/US\$ exchange rate of 0.6189.

^(b) Recognised in the financial statements are contract amounts totalling US\$143 million at a weighted average GBP/US\$ exchange rate of 0.6252 relating to the hedging of pounds sterling dividend payments.

^(c) Recognised in the financial statements are contract amounts totalling US\$41 million at a weighted average SA rand/US\$ exchange rate of 7.5905 relating to the hedging of SA rand dividend payments.

Notes to Financial Statements continued

38 Financial instruments continued

Term	Weighted average A\$/US\$ exchange rate		Weighted average A\$/US\$ exchange rate		Contract amounts	
	2003 A\$ Call options	2003 A\$ Put options	2002 A\$ Call options	2002 A\$ Put options	2003 US\$M	2002 US\$M
Foreign exchange options – sell US dollars/buy Australian dollars						
Not later than one year ^(a)	–	0.6600	0.5533	0.6612	17	1 054
Total	–	0.6600	0.5533	0.6612	17	1 054

(a) Foreign exchange options outstanding at 30 June 2002 related to the unwinding in July 2002 of cross currency interest rate swaps (CCIRS). This action had been taken to swap Australian dollar denominated debt to US dollars in July 2002, as a result of the majority of the BHP Billiton Group's Australian dollar functional currency operations being demerged with BHP Steel.

Translational exposure in respect of investments in overseas operations

The functional currency of most BHP Billiton Group operations is US dollars. There are certain operations that have retained Australian dollars and UK pounds sterling as a functional currency, and during the year ended 30 June 2003, 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 was taken to swap Australian dollar denominated debt to US dollars during

July 2002 as a result of the majority of the BHP Billiton Group's Australian dollar functional currency operations being demerged with BHP Steel. Additionally, UK pounds sterling swaps originally entered into to provide a natural hedge against BHP Billiton Group's UK Petroleum assets were unwound with the underlying facilities reverting to US dollar obligations.

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 instruments' actual cash flows are denominated in US dollars, UK pounds sterling, Japanese yen, Australian dollars and Euros as indicated.

38 Financial instruments continued

	Weighted average exchange rate		Weighted average interest rate payable		Weighted average interest rate receivable		Principal amount (a)	
	2003	2002	2003 %	2002 %	2003 %	2002 %	2003 US\$M	2002 US\$M
Cross currency swaps								
US dollar to Australian dollar swaps								
<i>Pay fixed/receive fixed</i>								
2002	—	0.6557	—	7.19	—	7.18	—	691
2003	—	0.6601	—	6.71	—	6.75	—	86
US dollar to UK pounds sterling swaps								
<i>Pay fixed/receive fixed</i>								
2002	—	0.6002	—	7.45	—	6.60	—	415
2003	—	0.5998	—	7.37	—	6.69	—	277
2004	—	0.5998	—	7.37	—	6.69	—	277
2005	—	0.5998	—	7.37	—	6.69	—	277
Japanese yen to US dollar swaps								
<i>Pay floating/receive fixed</i>								
2002	—	123.00	—	3.47	—	5.71	—	41
Australian dollar to US dollar swaps								
<i>Pay floating^(b)/receive floating^(b)</i>								
2002	—	0.5217	—	2.44	—	4.81	—	130
2003	0.5437	0.5217	2.08	—	5.44	—	299	130
2004	0.5437	0.5217	—	—	—	—	299	130
2005	0.5620	—	—	—	—	—	169	—
<i>Pay floating^(b)/receive fixed</i>								
2002	—	0.5217	—	2.77	—	6.25	—	391
2003	0.5302	0.5217	2.49	—	6.51	6.25	504	391
2004	0.5302	0.5217	—	—	6.51	6.25	504	391
2005	0.5302	0.5217	—	—	6.51	6.25	504	391
2006	0.5217	0.5217	—	—	6.25	6.25	391	391
2007	0.5217	0.5217	—	—	6.25	6.25	391	391
2008	0.5217	0.5217	—	—	6.25	6.25	391	391
Euro to US dollar swaps								
<i>Pay fixed/receive fixed</i>								
2003	0.9881	—	3.88	—	4.38	—	741	—
2004	0.9881	—	3.88	—	4.38	—	741	—
2005	0.9881	—	3.88	—	4.38	—	741	—
2006	0.9881	—	3.88	—	4.38	—	741	—
2007	0.9881	—	3.88	—	4.38	—	741	—

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

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

Notes to Financial Statements continued

38 Financial instruments continued

Translational exposure in respect of non-functional currency monetary items

Monetary items denominated in currencies other than the functional currency of an operation are periodically restated to US dollar equivalents, and the associated gain or loss is taken to profit, with the exception of foreign exchange gains or losses on foreign currency denominated provisions for site restoration which are capitalised in property, plant and equipment. 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)					Total 2003 US\$M
	US\$ 2003 US\$M	A\$ 2003 US\$M	C\$ 2003 US\$M	SA rand 2003 US\$M	Other 2003 US\$M	
Functional currency of Group operation						
US \$	–	(1 399)	(203)	(1 089)	(261)	(2 952)
Australian \$	21	–	–	–	–	21
Canadian \$	30	–	–	–	–	30
UK pounds sterling	(23)	(1)	–	–	–	(24)
Other	–	–	–	6	–	6
	28	(1 400)	(203)	(1 083)	(261)	(2 919)

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

The SA rand monetary liabilities include borrowings raised in a variety of currencies, including US dollars and Euros, 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 dollar functional currency operations relate to provisions for deferred taxation and employee benefits.

Commodity price risk

The BHP Billiton Group is exposed to movements in the prices of the products it produces and sources from third parties 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.

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

Contract amounts are used to calculate the volume and average price to be exchanged under the contracts.

38 Financial instruments continued

BHP Billiton Group	Volume		Units	Average price		Term to maturity (months)	Notional amount ^(a)	
	2003	2002		2003 US\$	2002 US\$		2003 US\$M	2002 US\$M
Aluminium								
Forwards (buy)	792	412	000 tonnes	1 397	1 416	0-12	1 106	583
	112	104	000 tonnes	1 435	1 487	13-24	161	155
	50	46	000 tonnes	1 420	1 489	25-48	71	68
	1	—	000 tonnes	1 420	—	49-72	1	—
Forwards (buy) floating ^(b)	826	447	000 tonnes	—	—	0-12	—	—
	127	127	000 tonnes	—	—	13-24	—	—
	35	46	000 tonnes	—	—	25-48	—	—
	1	—	000 tonnes	—	—	49-72	—	—
Forwards (sell)	826	447	000 tonnes	1 393	1 411	0-12	1 151	631
	127	127	000 tonnes	1 421	1 475	13-24	180	187
	35	46	000 tonnes	1 416	1 473	25-48	50	68
	1	—	000 tonnes	1 393	—	49-72	1	—
Forwards (sell) floating ^(b)	792	412	000 tonnes	—	—	0-12	—	—
	112	104	000 tonnes	—	—	13-24	—	—
	50	46	000 tonnes	—	—	25-48	—	—
	1	—	000 tonnes	—	—	49-72	—	—
Copper								
Forwards (buy)	37	15	000 tonnes	1 675	1 629	0-12	62	25
Forwards (buy) floating ^(b)	52	20	000 tonnes	—	—	0-12	—	—
Forwards (sell)	52	20	000 tonnes	1 661	1 648	0-12	87	33
Forwards (sell) floating ^(b)	37	15	000 tonnes	—	—	0-12	—	—
Zinc								
Forwards (buy)	10	—	000 tonnes	794	—	0-12	8	—
Forwards (buy) floating ^(b)	17	—	000 tonnes	—	—	0-12	—	—
Forwards (sell)	17	—	000 tonnes	804	—	0-12	14	—
Forwards (sell) floating ^(b)	10	—	000 tonnes	—	—	0-12	—	—
Lead								
Forwards (buy)	25	—	000 tonnes	466	—	0-12	11	—
Forwards (buy) floating ^(b)	65	—	000 tonnes	—	—	0-12	—	—
	8	—	000 tonnes	—	—	13-24	—	—
Forwards (sell)	65	—	000 tonnes	470	—	0-12	31	—
	8	—	000 tonnes	488	—	13-24	4	—
Forwards (sell) floating ^(b)	25	—	000 tonnes	—	—	0-12	—	—
Silver								
Forwards (buy)	1 650	—	000 ounces	4.73	—	0-12	8	—
Forwards (buy) floating ^(b)	7 475	—	000 ounces	—	—	0-12	—	—
Forwards (sell)	7 475	—	000 ounces	4.70	—	0-12	35	—
Forwards (sell) floating ^(b)	1 650	—	000 ounces	—	—	0-12	—	—

Notes to Financial Statements continued

38 Financial instruments continued

BHP Billiton Group	Volume		Units	Average price		Term to maturity (months)	Notional amount ^(a)	
	2003	2002		2003 US\$	2002 US\$		2003 US\$M	2002 US\$M
Petroleum								
Forwards (buy)	8 668	–	000 barrels	25.45	–	0–12	221	–
Forwards (buy) floating ^(b)	8 690	–	000 barrels	–	–	0–12	–	–
Forwards (sell)	8 690	–	000 barrels	25.49	–	0–12	221	–
Forwards (sell) floating ^(b)	8 668	–	000 barrels	–	–	0–12	–	–
Energy Coal								
Forwards (buy)	20 451	4 405	000 tonnes	34.49	30.58	0–12	705	135
	5 820	1 290	000 tonnes	36.32	31.20	13–24	211	40
	870	–	000 tonnes	35.88	–	25–48	31	–
Forwards (buy) floating ^(b)	23 515	8 630	000 tonnes	–	–	0–12	–	–
	7 035	3 480	000 tonnes	–	–	13–24	–	–
	735	150	000 tonnes	–	–	25–48	–	–
Forwards (sell)	23 515	8 630	000 tonnes	34.39	31.35	0–12	809	271
	7 035	3 480	000 tonnes	34.81	33.06	13–24	245	115
	735	150	000 tonnes	31.99	35.45	25–48	24	5
Forwards (sell) floating ^(b)	20 451	4 405	000 tonnes	–	–	0–12	–	–
	5 820	1 290	000 tonnes	–	–	13–24	–	–
	870	–	000 tonnes	–	–	25–48	–	–
Purchased calls	105	270	000 tonnes	33.71	34.00	0–12	4	9
	–	210	000 tonnes	–	33.71	13–24	–	7
Sold puts	270	150	000 tonnes	32.11	32.60	0–12	9	5
	–	150	000 tonnes	–	32.60	13–24	–	5
Sold calls	645	1 500	000 tonnes	33.83	34.01	0–12	22	51
	–	1 290	000 tonnes	–	34.05	13–24	–	44
Freight Transport and Logistics								
Forwards (buy)	3 550	50	days	12 256	12 600	0–12	44	1
	1 104	100	days	10 417	12 600	13–24	12	1
Forwards (buy) floating ^(b)	3 499	–	days	–	–	0–12	–	–
	920	–	days	–	–	13–24	–	–
Forwards (sell)	3 499	–	days	11 791	–	0–12	41	–
	920	–	days	10 680	–	13–24	10	–
Forwards (sell) floating ^(b)	3 550	50	days	–	–	0–12	–	–
	1 104	100	days	–	–	13–24	–	–
Forwards (buy)	5 874	450	000 tonnes	8.77	7.12	0–12	52	3
	1 275	600	000 tonnes	6.63	7.34	13–24	8	4
	–	150	000 tonnes	–	8.00	25–48	–	1
Forwards (buy) floating ^(b)	4 974	450	000 tonnes	–	–	0–12	–	–
	1 200	450	000 tonnes	–	–	13–24	–	–
Forwards (sell)	4 974	450	000 tonnes	8.82	7.60	0–12	44	3
	1 200	450	000 tonnes	6.84	7.60	13–24	8	3
Forwards (sell) floating ^(b)	5 874	450	000 tonnes	–	–	0–12	–	–
	1 275	600	000 tonnes	–	–	13–24	–	–
	–	150	000 tonnes	–	–	25–48	–	–

^(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) Floating commodity prices in future periods will be based on the benchmarks applicable at the time of the price reset.

Hedging of financial risks

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

	Gains 2003 US\$M	Losses 2003 US\$M	Net gains/ (losses) 2003 US\$M	Gains 2002 US\$M	Losses 2002 US\$M	Net gains/ (losses) 2002 US\$M
Opening balance unrecognised gains/(losses)	–	(175)	(175)	10	(615)	(605)
(Gains)/losses arising in previous years recognised in the year	–	139	139	(9)	327	318
Gains/(losses) arising in prior years and not recognised	–	(36)	(36)	1	(288)	(287)
Gains/(losses) arising in the year and not recognised	104	19	123	(1)	113	112
Closing balance unrecognised gains/(losses) ^(a)	104	(17)	87	–	(175)	(175)
<i>of which:</i>						
Gains/(losses) expected to be recognised within one year	94	(16)	78	–	(139)	(139)
Gains/(losses) expected to be recognised after one year	10	(1)	9	–	(36)	(36)
	104	(17)	87	–	(175)	(175)

^(a) Full recognition will not appear in the Statement of Financial Performance as US\$56 million (2002: US\$nil) will be capitalised into property, plant and equipment.

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 2003 US\$M	CCIRS interest component 2003 US\$M	Interest rate swaps 2003 US\$M	Finance lease swap ^(a) 2003 US\$M	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
Opening balance unrecognised gains	31	26	10	2	13	32	9	8
(Gains)/losses arising in previous years recognised in the year	(13)	(20)	–	1	(3)	(5)	–	(2)
Gains arising in prior years and not recognised	18	6	10	3	10	27	9	6
Gains/(losses) arising in the year and not recognised	(7)	30	31	(1)	21	(1)	1	(4)
Closing balance unrecognised gains	11	36	41	2	31	26	10	2
<i>of which:</i>								
Gains expected to be recognised within one year	7	–	–	1	13	20	–	(1)
Gains expected to be recognised after one year	4	36	41	1	18	6	10	3
	11	36	41	2	31	26	10	2

^(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 ten-year term to a five-year term. The book value of these leases is US\$15 million (2002: US\$26 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 fair value disclosures relate only to the swapped components and reflect the fact that the swap receivable is subject to a fixed rate.

Notes to Financial Statements continued

38 Financial instruments continued

Financial liabilities – interest rate and currency profile

Current payables and provisions (other than current loans and derivative financial instruments) are excluded from the disclosures below.

The currency and interest rate profile of the financial liabilities of the BHP Billiton Group as shown in the table below take into account interest rate and currency swaps:

	Fixed rate 2003 US\$M	Floating rate ^(a) 2003 US\$M	Interest free 2003 US\$M	Total 2003 US\$M	Fixed rate 2002 US\$M	Floating rate ^(a) 2002 US\$M	Interest free 2002 US\$M	Total 2002 US\$M
Currency								
US \$	3 349	3 278	100	6 727	1 771	4 078	7	5 856
SA rand	146	456	38	640	136	219	23	378
Australian \$	16	25	10	51	817	376	10	1 203
Canadian \$	–	–	–	–	235	–	–	235
Other	15	8	–	23	454	71	–	525
	3 526	3 767	148	7 441	3 413	4 744	40	8 197

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

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 interest rate and currency swaps used to manage the interest rate and currency profile of financial liabilities.

	Weighted average fixed interest rate % 2003	Weighted average period for which rate is fixed Years 2003	Weighted average period to maturity of the interest free liabilities Years 2003	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
Currency						
US \$	6.56	7	1	7.66	13	1
SA rand	12.39	5	13	12.52	6	13
Australian \$	7.88	6	1	7.34	1	2
Canadian \$	–	–	–	5.50	1	–
Other	7.43	9	–	7.47	3	–
	6.81	7	3	7.55	8	8

Financial assets – interest rate and currency profile

Current receivables which are not deemed financial instruments 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 2003 US\$M	Floating rate (a) 2003 US\$M	Non- interest bearing (b) 2003 US\$M	Total 2003 US\$M	Fixed rate 2002 US\$M	Floating rate (a) 2002 US\$M	Non- interest bearing (b) 2002 US\$M	Total 2002 US\$M
Currency								
US \$	27	1 578	400	2 005	20	1 713	587	2 320
SA rand	5	193	25	223	5	99	31	135
Australian \$	23	14	283	320	44	66	138	248
Canadian \$	2	144	–	146	–	1	–	1
Other	22	74	101	197	–	192	101	293
	79	2 003	809	2 891	69	2 071	857	2 997

(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 other non-current financial assets of US\$123 million (2002: US\$474 million), receivables deemed to be financial instruments of US\$544 million (2002: US\$379 million), loans to joint venture and associated entities of US\$24 million (2002: US\$nil), recognised gains of US\$95 million (2002: US\$nil) on forward foreign currency contracts and other current financial assets of US\$23 million (2002: US\$4 million). Items included within this category, except for current asset investments and forward foreign currency contracts, are generally intended to be held for periods greater than five years.

Liquidity exposures

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

	Bank loans, debentures and other loans 2003 US\$M	Obligations under finance leases 2003 US\$M	Subsidiary preference shares 2003 US\$M	Other creditors 2003 US\$M	Total 2003 US\$M
In one year or less or on demand	894	4	–	–	898
In more than one year but not more than two years	663	49	–	106	818
In more than two years but not more than five years	2 280	–	450	4	2 734
In more than five years	2 984	–	–	7	2 991
	6 821	53	450	117	7 441

	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	1 795	2	–	–	1 797
In more than one year but not more than two years	126	33	150	14	323
In more than two years but not more than five years	3 850	–	300	3	4 153
In more than five years	1 924	–	–	–	1 924
	7 695	35	450	17	8 197

Refer to note 37, 'Standby arrangements, unused credit facilities' for details of the BHP Billiton Group's undrawn committed facilities.

Notes to Financial Statements continued

38 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 2003 US\$M	Fair value 2003 US\$M	Book value 2002 US\$M	Fair value 2002 US\$M
<i>Primary and derivative financial instruments held or issued to finance the BHP Billiton Group's operations</i>				
Current interest bearing liabilities	(898)	(898)	(1 904)	(1 924)
Non-current interest bearing liabilities and other non-current creditors	(6 872)	(7 429)	(6 508)	(6 828)
Cross currency contracts				
Principal	314	314	189	189
Interest rate	30	77	–	57
Finance lease swap	15	17	26	28
Interest rate swaps	7	48	–	10
Cash and money market deposits	1 552	1 552	1 499	1 499
Loans to equity accounted joint venture and associated entities	293	293	454	454
Other financial assets (current)	143	143	117	117
Other financial assets (non-current) (excluding investment in own shares)	148	153	492	512
Investment in exploration companies (refer note 19)	–	11	–	11
Non-current receivables	604	604	435	413
Forward foreign currency contracts	19	19	–	–
<i>Derivative financial instruments held to hedge the BHP Billiton Group's exposure on expected future sales and capital and operating purchases</i>				
Forward commodity contracts	–	(8)	–	(2)
Forward foreign currency contracts	95	95	–	(173)
	(4 550)	(5 009)	(5 200)	(5 637)

For the purposes of the disclosures in the table above, the book value of the foreign currency assets and liabilities is shown excluding the effect of foreign currency hedges.

39 Contingent liabilities

	2003 US\$M	2002 US\$M
Contingent liabilities at balance date, not otherwise provided for in these accounts, are categorised as arising from:		
Joint venture and associated entities and joint venture operations (unsecured)		
Other ^(b)	174	165
	174	165
Subsidiary undertakings (unsecured, including guarantees)		
Group guarantees of borrowings of joint venture and associated entities	398	429
Bank guarantees ^(a)	–	–
Performance guarantees ^(a)	70	72
Letter of credit	2	3
Other ^(b)	131	138
	601	642
Total contingent liabilities	775	807

^(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.

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.

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 recommendation 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 operates 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 substantially amended pleadings. The Court has set out a detailed timetable for further steps, including witness statements, leading to compulsory mediation and, if necessary, trial in mid-2004.

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

Notes to Financial Statements continued

39 Contingent liabilities continued

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. The Court set a date of 1 September 2003 for lodgement of particulars of all claims. Resolution of claims is likely to continue into 2004.

Over the next few months the Court will also 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.

40 Commitments

	2003 US\$M	2002 US\$M
Capital expenditure commitments not provided for in the accounts		
Due not later than one year	1 184	1 348
Due later than one year and not later than five years	423	271
Total capital expenditure commitments	1 607	1 619
Lease expenditure commitments		
Finance leases ^(a)		
Due not later than one year	7	6
Due later than one year and not later than five years	34	20
Due later than five years	26	30
Total commitments under finance leases	67	56
<i>deduct</i> Future financing charges	14	21
Finance lease liability	53	35
Operating leases ^(b)		
Due not later than one year ^(c)	138	169
Due later than one year and not later than five years	348	375
Due later than five years	256	274
Total commitments under operating leases	742	818
Other commitments ^(d)		
Due not later than one year		
Supply of goods and services	199	181
Royalties	29	27
Exploration expenditure	104	13
Chartering costs	100	55
	432	276
Due later than one year and not later than five years		
Supply of goods and services	547	579
Royalties	39	82
Exploration expenditure	53	28
Chartering costs	127	164
	766	853

40 Commitments continued

	2003 US\$M	2002 US\$M
Due later than five years		
Supply of goods and services	721	650
Royalties	49	150
Chartering costs	33	154
	803	954
Total other commitments	2 001	2 083

(a) Finance leases are predominantly related to leases of the dry bulk carrier Iron Yandi and other mobile equipment and vehicles. Refer notes 25 and 28.

(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. Amounts represent minimum lease payments.

(c) The BHP Billiton Group has commitments under operating leases to make payments totalling US\$138 million in the next year as follows:

	2003 US\$M	2002 US\$M
Land and buildings		
Leases which expire:		
Within one year	7	15
Between two and five years	17	6
Over five years	14	13
	38	34
Other operating leases		
Leases which expire:		
Within one year	22	80
Between two and five years	43	20
Over five years	35	35
	100	135

(d) Included in other commitments is an amount of US\$738 million (2002: US\$684 million) representing Boodarie Iron's continuing operating commitments under a number of take or pay contracts for supply of products/services.

41 Superannuation, pensions and post-retirement medical benefits

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

Financial statement impacts and disclosures

The total amount of BHP Billiton Group contributions to all schemes was US\$102 million and US\$147 million for 2003 and 2002 respectively. The decrease in contributions is mainly due to the demerger of BHP Steel in July 2002.

Expenses for defined benefit pension schemes are recognised so as to allocate the cost systematically over the employees' service lives on the basis of independent actuarial advice. In addition, provision is made in the accounts for retirement benefits payable to non-executive Directors who were Directors of BHP Billiton Limited prior to the DLC merger on 29 June 2001. Formal independent actuarial reviews of BHP Billiton Group sponsored defined benefit funds are undertaken at least every three years, but annually for accounting purposes.

The following table outlines the annual pension charge.

Notes to Financial Statements continued

41 Superannuation, pensions and post-retirement medical benefits continued

	2003 US\$M	2002 US\$M
The pension charge for the year is as follows:		
Defined contribution schemes	41	61
Industry-wide schemes	23	18
Defined benefit schemes (a)		
Regular cost	46	59
Variation cost	39	14
Interest cost	(20)	(18)
	129	134

(a) Excludes net exchange gains/losses on net monetary pension assets in 2003 of US\$39 million gain (2002: US\$24 million gain).

To the extent that there is a difference between pension cost and contributions paid, an asset and/or liability arises. The accumulated difference recorded in the Statement of Financial Position at 30 June 2003 gives rise to an asset of US\$270 million (2002: US\$224 million) and a liability of US\$65 million (2002: US\$31 million).

The assets of the defined contribution schemes and the industry-wide 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 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 pension charge for the year for defined benefit schemes has increased from US\$55 million to US\$65 million largely due to negative investment returns of plans in the US, Canada and Europe causing a deterioration of the funded status for these plans and leading to increased variation costs. In addition, new legislation in South Africa regarding the apportionment of surpluses, which will most likely eliminate the Group's entitlements to any fund surpluses in South Africa, has also led to increased variation costs in relation to prior years.

For accounting purposes, the actuarial valuations have determined pension costs for most schemes using the projected unit method. 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 are recognised through the variation cost component in future accounting periods as a constant percentage of estimated future payroll, over the remaining service life of the employees.

The BHP Billiton Group provides medical 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\$26 million (2002: US\$16 million) excluding an exchange loss of US\$22 million (2002: gain US\$14 million).

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. 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	9.0%	5.5%	3.0%	5.0%
Discount rate	11.75%	7.5%	6.5%	6.5%

41 Superannuation, pensions and post-retirement medical benefits continued

The following is a summary of the most recent financial position of the major schemes in which the BHP Billiton Group participates in accordance with AASB 1028 'Employee Benefits' based on values of assets and liabilities as at 30 June 2003:

Name of fund	Fund type	Last reporting date	Accrued benefits (a)(b)		Plan assets (a)		Net surplus/ (deficit)(a)		Vested benefits (a)(b)	
			2003 US\$M	2002 US\$M	2003 US\$M	2002 US\$M	2003 US\$M	2002 US\$M	2003 US\$M	2002 US\$M
BHP Billiton Superannuation Fund (b)(c)	Defined benefit/ Defined contribution	30 June 2003	877	1 345	878	1 434	1	89	925	1 452
Other plans (e)(f)	Defined benefit	30 June 2003	816	795	717	710	(99)	(85)	803	751
Total for BHP Billiton Group sponsored plans (d)			1 693	2 140	1 595	2 144	(98)	4	1 728	2 203

(a) In respect of the year ended 30 June 2003, accrued benefits plan assets and vested benefits are measured at 30 June 2003. In respect of prior years, these amounts were measured at the last reporting date of each fund.

(b) Vested benefits are benefits which are not conditional upon continued membership of the respective fund or any other factor other than resignation from the fund. Accrued benefits are calculated by the actuary as the present value of future benefit payments in relation to membership and compensation up to the relevant reporting date.

(c) Obligation on the BHP Billiton Group to contribute under Superannuation Guarantee levy requirements. Contributions are made by the member and the BHP Billiton Group and are based on a percentage of a member's base salary or wage.

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

(e) Non-Australian plans are not required to report under AAS 25 'Financial Reporting by Superannuation Plans', and hence do not produce results for reporting under AASB 1028. Accrued liabilities and asset values for other plans have generally been taken from FRS 17 disclosures as at 30 June 2003 (refer below), amended to comply with the principles of AASB 1028 if required. For other plans, the value of vested benefits have generally been taken as the value of accrued benefits.

(f) Net surplus/(deficit) in respect of other plans does not include surpluses in respect of certain plans in South Africa, Suriname and Canada. This is to reflect legislative restrictions on access to any surplus amounts by the BHP Billiton Group. Liability values have been increased to achieve this.

Other methods

Various accounting standards relating to accounting for pension arrangements are in use, or available for use, in jurisdictions throughout the world. While Australian GAAP has no specific standard dealing with accounting for pension arrangements by employers, disclosure requirements are included in AASB 1028 'Employee Benefits'. UK GAAP allows the application of either SSAP 24 'Accounting for Pension Costs' or FRS 17 'Retirement Benefits', US GAAP requires application of FAS 87 'Employers' Accounting for Pensions' and International Financial Reporting Standards requires the existing IAS 19 'Employee Benefits' to be applied. The International Accounting Standards Board has indicated it expects to amend IAS 19, but not in time to form part of the initial suite of IASB mandated standards to be applied for reporting periods commencing on or after 1 January 2005. The outcome of the IASB's review is not yet known.

The accounting policy adopted by the BHP Billiton Group is consistent with the requirements of SSAP 24 and has been consistently applied in these financial statements.

SSAP 24, FAS 87, FRS 17 and the existing IAS 19 are similar in that they all include mechanisms which defer or spread the recognition of actuarial gains and losses and therefore mitigate the volatility in net profit this may create from reporting period to reporting period. SSAP 24, FAS 87 and IAS 19 achieve this through the recognition of actuarial gains and losses over the remaining expected employees' service lives. In addition FAS 87 and FRS 17 achieve this by taking some (FAS 87) or all (FRS 17) actuarial gains and losses directly to reserves through Other Comprehensive Income (FAS 87) or the Statement of Total Recognised Gains and Losses (FRS 17) reserve accounts.

The AASB has recently released ED 115 'Request for Comment on IAS 19 Employee Benefits'. ED 115 is based on the existing IAS 19, however ED 115 proposes the removal of the ability to recognise actuarial gains and losses over the remaining expected employees' service lives, proposing instead the recognition of actuarial gains and losses directly in the Statement of Financial Performance in the reporting period in which they occur.

ED 115 is similar to FRS 17 in many respects, with the notable exception that Australian GAAP does not have a Statement of Total Recognised Gains and Losses reserve account in which actuarial gains and losses can be directly recognised.

The following disclosures are required under UK GAAP (under FRS 17 based on values of assets and liabilities as at 30 June 2003), but not under Australian GAAP. However, the Directors are of the opinion that this information may be of interest to all shareholders of the BHP Billiton Group.

Pension schemes – FRS 17 disclosures

The BHP Billiton Group operates a number of defined benefit schemes in Australia, Canada, the US, Europe, South Africa and South America. For accounting disclosure purposes, full actuarial valuations for most schemes were carried out as at 30 June 2003 by local actuaries. For a minority of plans it has been necessary to roll forward liabilities calculated using earlier data.

Notes to Financial Statements continued

41 Superannuation, pensions and post-retirement medical benefits continued

The major assumptions used by the actuaries ranged from:

	Australia & NZ	Canada	US	Europe	South Africa	South America
<i>Year ended 30 June 2003</i>						
Salary increases	4% to 4.5%	3.5% to 4.5%	4.5%	3% to 4.5%	7% to 8%	3.5% to 5.57%
Pension increases	n/a	0%	0% to 3%	2% to 2.5%	3.5% to 5.25%	1.5% to 3.5%
Discount rate	4.75% to 5%	6% to 6.5%	6%	5%	7.5% to 8.7%	5.5% to 9.71%
Inflation	3%	2.5% to 3%	3%	2% to 2.5%	6%	2.5% to 3.5%
<i>Year ended 30 June 2002</i>						
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%
<i>Year ended 30 June 2001</i>						
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%	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 and the surplus/(deficit) of the defined benefit schemes were (US\$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
<i>Year ended 30 June 2003</i>							
Bonds	68	60	58	64	23	46	319
Equities	147	28	187	64	69	1	496
Property	19	—	—	—	—	—	19
Cash and net current assets	—	13	5	23	17	—	58
Insured annuities	—	—	—	20	—	—	20
Total assets	234	101	250	171	109	47	912
Actuarial liabilities	(286)	(96)	(439)	(247)	(83)	(40)	(1 191)
Unrecognised surplus	—	(19)	—	—	(28)	(10)	(57)
Surplus/(deficit)	(52)	(14)	(189)	(76)	(2)	(3)	(336)
Related deferred tax (liability)/asset	16	4	17	12	—	—	49
Net pension asset/(liability)	(36)	(10)	(172)	(64)	(2)	(3)	(287)
<i>Year ended 30 June 2002</i>							
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	13	4	10	3	—	(4)	26
Net pension asset/(liability)	(70)	(6)	(102)	(30)	(1)	9	(200)

41 Superannuation, pensions and post-retirement medical benefits continued

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
<i>Year ended 30 June 2001</i>							
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	(1)	–	1	1	(13)	(3)	(15)
Net pension asset/(liability)	(33)	10	(10)	(20)	29	6	(18)

The expected rates of return on these asset categories were:

	Australia & NZ	Canada	US	Europe	South Africa	South America
<i>Year ended 30 June 2003</i>						
Bonds	5% to 6%	5.5% to 6.5%	7%	4.3% to 4.6%	7.5% to 9.04%	6% to 9.71%
Equities	8% to 9%	7.25% to 9%	9%	7.25% to 8.25%	12%	9.71%
Property	7% to 8%	n/a	n/a	n/a	n/a	n/a
Cash and net current assets	5%	1% to 3.75%	3.5%	3.75% to 4.25%	7% to 7.75%	9.71%
Insured annuities	n/a	n/a	n/a	5%	n/a	n/a
Total assets	7.5%	3.75% to 7.5%	8.5%	4.8% to 7.2%	9.9% to 10.55%	6% to 9.71%
<i>Year ended 30 June 2002</i>						
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	n/a	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%

Notes to Financial Statements continued

41 Superannuation, pensions and post-retirement medical benefits continued

Analysis of the operating costs (US\$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
<i>Year ended 30 June 2003</i>							
Current service cost	19	2	10	9	3	–	43
Curtailment losses/(gains)	(21)	2	–	–	–	–	(19)
Previously unrecognised surplus deducted from curtailment losses	–	(2)	–	–	–	–	(2)
Total operating charge	(2)	2	10	9	3	–	22
<i>Year ended 30 June 2002</i>							
Current service cost	42	3	10	7	3	2	67
Past service cost/(credit)	–	–	2	(1)	–	–	1
Previously unrecognised surplus deducted from curtailment losses	–	(1)	–	–	–	–	(1)
Total operating charge	42	2	12	6	3	2	67

Analysis of the financing credits/(costs) (US\$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
<i>Year ended 30 June 2003</i>							
Expected return on pension scheme assets	19	4	24	10	8	2	67
Interest on pension scheme liabilities	(13)	(5)	(27)	(11)	(6)	(2)	(64)
Net return/(cost)	6	(1)	(3)	(1)	2	–	3
<i>Year ended 30 June 2002</i>							
Expected return on pension scheme assets	53	4	28	8	9	2	104
Interest on pension scheme liabilities	(37)	(5)	(27)	(9)	(5)	(2)	(85)
Net return/(cost)	16	(1)	1	(1)	4	–	19

41 Superannuation, pensions and post-retirement medical benefits continued

Analysis of gains and losses recognised in the Statement of Total Recognised Gains and Losses (STRGL) (US\$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
<i>Year ended 30 June 2003</i>							
Actual return less expected return on pension scheme assets	(24)	(1)	(24)	(11)	(11)	10	(61)
Experience gains/(losses) arising on scheme liabilities	17	(2)	6	(7)	(1)	(9)	4
Changes in assumptions underlying the present value of scheme liabilities	(16)	(4)	(47)	(26)	1	(3)	(95)
Other gains/(losses)	–	2	–	–	–	(13)	(11)
Loss pursuant to legislative change with regard to South African surpluses	–	–	–	–	9	–	9
Total actuarial (loss)/gain recognised in STRGL	(23)	(5)	(65)	(44)	(2)	(15)	(154)
Difference between the expected and actual outcomes:							
Asset gain/(loss) as a percentage of scheme assets	(10.3%)	(1.0%)	(9.6%)	(6.4%)	(10.1%)	21.3%	(6.7%)
Experience gains/(losses) on scheme liabilities as a percentage of the present value of scheme liabilities	5.9%	(2.1%)	1.4%	(2.8%)	(1.2%)	(22.5%)	0.3%
Total actuarial gain/(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	(8.0%)	(5.2%)	(14.8%)	(17.8%)	(2.4%)	(37.5%)	(12.9%)
<i>Year ended 30 June 2002</i>							
Actual return less expected return on pension scheme assets	(82)	(3)	(78)	(18)	(1)	31	(151)
Experience gains/(losses) arising on scheme liabilities	33	–	–	8	(7)	(18)	16
Changes in assumptions underlying the present value of scheme liabilities	–	–	(23)	(15)	(2)	–	(40)
Other gains/(losses)	–	(1)	6	–	–	–	5
Loss pursuant to legislative change with regard to South African surpluses	–	–	–	–	(29)	–	(29)
Total actuarial gain/(loss) recognised in STRGL	(49)	(4)	(95)	(25)	(39)	13	(199)
Difference between the expected and actual outcomes:							
Asset gain/(loss) as a percentage of scheme assets	(14.9%)	(3.3%)	(27.1%)	(12.3%)	(1.1%)	70.5%	(12.5%)
Experience gains/(losses) on scheme liabilities as a percentage of the present value of scheme liabilities	5.2%	0%	0%	4.5%	(11.3%)	(58.1%)	1.2%
Total actuarial gain/(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	(7.7%)	(4.9%)	(23.8%)	(14.0%)	(62.9%)	41.9%	(14.3%)

Notes to Financial Statements continued

41 Superannuation, pensions and post-retirement medical benefits continued

In the year ended 30 June 2002, 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 Group company 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.

Analysis of the movement in surplus/(deficit) (US\$ million):

	Australia & NZ	Canada	US	Europe	South Africa	South America	Total
<i>Year ended 30 June 2003</i>							
Surplus/(deficit) in schemes at 30 June 2002	(83)	(10)	(112)	(33)	(1)	13	(226)
<i>Movement in year:</i>							
Adjustment to surplus/(deficit) at 1 July 2002 in respect of companies no longer consolidated	38	2	—	—	—	—	40
Current service cost	(19)	(2)	(10)	(9)	(3)	—	(43)
Contributions	16	4	1	15	2	—	38
Other finance income/(costs)	6	(1)	(3)	(1)	2	—	3
Actuarial gains/(losses)	(23)	(5)	(65)	(44)	(2)	(15)	(154)
Curtailment gains/(losses)	21	—	—	—	—	—	21
Exchange gains/(losses)	(8)	(2)	—	(4)	—	(1)	(15)
Surplus/(deficit) in schemes at 30 June 2003	(52)	(14)	(189)	(76)	(2)	(3)	(336)
<i>Year ended 30 June 2002</i>							
Surplus/(deficit) in schemes at 30 June 2001	(32)	10	(11)	(21)	42	9	(3)
<i>Movement in year:</i>							
Adjustment to surplus/(deficit) at 30 June 2001	—	(8)	—	1	—	—	(7)
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)
Exchange gains/(losses)	(10)	—	—	(4)	(9)	(8)	(31)
Surplus/(deficit) in schemes at 30 June 2002	(83)	(10)	(112)	(33)	(1)	13	(226)

41 Superannuation, pensions and post-retirement medical benefits continued

Post-retirement medical benefits – FRS 17 disclosures

The BHP Billiton Group also operates a number of post-retirement medical benefit arrangements in South Africa, the US, Canada and Suriname. Full actuarial valuations were carried out as at 30 June 2003, 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 actuaries ranged from:

	South Africa	US	Canada	Suriname	UK
<i>Year ended 30 June 2003</i>					
Ultimate healthcare inflation rate	7%	5.5%	5%	3.5%	n/a
Discount rate	9.75%	6.25%	6%	5.5%	n/a
<i>Year ended 30 June 2002</i>					
Ultimate healthcare inflation rate	9%	5%	3%	5%	4.5%
Discount rate	11.75%	7%	6.5%	5.5% to 6.5%	6%
<i>Year ended 30 June 2001</i>					
Ultimate healthcare inflation rate	8%	5.5%	3%	5%	n/a
Discount rate	12%	7.5%	6.5% to 7%	6.5%	n/a

The actuarial liabilities of the post-retirement schemes (US\$ million) were:

	South Africa	US	Canada	Suriname	UK	Total
<i>Year ended 30 June 2003</i>						
Present value of scheme liabilities	(133)	(137)	(26)	(19)	–	(315)
Past service credit	(20)	–	–	–	–	(20)
Deficit	(153)	(137)	(26)	(19)	–	(335)
Related deferred tax asset	34	22	–	6	–	62
Net post-retirement liability	(119)	(115)	(26)	(13)	–	(273)
<i>Year ended 30 June 2002</i>						
Present value of scheme liabilities	(54)	(127)	(18)	(19)	(1)	(219)
Past service credit	(18)	–	–	–	–	(18)
Deficit	(72)	(127)	(18)	(19)	(1)	(237)
Related deferred tax asset	16	19	–	6	–	41
Net post-retirement liability	(56)	(108)	(18)	(13)	(1)	(196)

Analysis of the operating costs/(credits) (US\$ million):

	South Africa	US	Canada	Suriname	UK	Total
<i>Year ended 30 June 2003</i>						
Current service cost	2	4	–	–	–	6
Past service cost/(credit)	1	7	–	–	–	8
Total operating charge	3	11	–	–	–	14
<i>Year ended 30 June 2002</i>						
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)

Notes to Financial Statements continued

41 Superannuation, pensions and post-retirement medical benefits continued

Analysis of the financing credit/(costs) (US\$ million):

	South Africa	US	Canada	Suriname	UK	Total
<i>Year ended 30 June 2003</i>						
Interest on post-retirement liabilities	(11)	(8)	(1)	(1)	–	(21)
Net return/(cost)	(11)	(8)	(1)	(1)	–	(21)
<i>Year ended 30 June 2002</i>						
Interest on post-retirement liabilities	(7)	(8)	(1)	(1)	–	(17)
Net return/(cost)	(7)	(8)	(1)	(1)	–	(17)

Analysis of gains and losses recognised in STRGL (US\$ million):

	South Africa	US	Canada	Suriname	UK	Total
<i>Year ended 30 June 2003</i>						
Experience gains/(losses) arising on scheme liabilities	(27)	15	1	–	–	(11)
Changes in assumptions underlying the present value of scheme liabilities	(9)	(16)	(7)	–	–	(32)
Actuarial gain/(loss) recognised in STRGL	(36)	(1)	(6)	–	–	(43)
Difference between the expected and actual outcomes:						
Experience gains/(losses) on scheme liabilities as a percentage of the present value of scheme liabilities	(20.3%)	10.9%	3.8%	0%	0%	(3.5%)
Total gain/(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	(27.1%)	(0.7%)	(23.1%)	0%	0%	(13.7%)
<i>Year ended 30 June 2002</i>						
Experience gains/(losses) arising on scheme liabilities	8	(6)	–	–	–	2
Changes in assumptions underlying the present value of scheme liabilities	(10)	–	–	(1)	–	(11)
Actuarial gain/(loss) recognised in STRGL	(2)	(6)	–	(1)	–	(9)
Difference between the expected and actual outcomes:						
Experience gains/(losses) on scheme liabilities as a percentage of the present value of scheme liabilities	14.8%	(4.7%)	0%	0%	0%	0.9%
Total gain/(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	(3.7%)	(4.7%)	0%	(5.3%)	0%	(4.1%)

41 Superannuation, pensions and post-retirement medical benefits continued

Analysis of the movement in surplus/(deficit) (US\$ million):

	South Africa	US	Canada	Suriname	UK	Total
<i>Year ended 30 June 2003</i>						
(Deficit) in schemes at 30 June 2002	(72)	(127)	(18)	(19)	(1)	(237)
<i>Movement in year:</i>						
Adjustment at 1 July 2002 in respect of changes in joint venture arrangements and other plan changes	–	–	–	–	1	1
Current service cost	(2)	(4)	–	–	–	(6)
Contributions	5	10	2	1	–	18
Past service costs	(1)	(7)	–	–	–	(8)
Other finance income/(costs)	(11)	(8)	(1)	(1)	–	(21)
Actuarial gains/(losses)	(36)	(1)	(6)	–	–	(43)
Exchange gains/(losses)	(36)	–	(3)	–	–	(39)
(Deficit) in schemes at 30 June 2003	(153)	(137)	(26)	(19)	–	(335)
<i>Year ended 30 June 2002</i>						
(Deficit) in schemes at 30 June 2001	(94)	(142)	(27)	(18)	(1)	(282)
<i>Movement in year:</i>						
Adjustment to surplus/(deficit) at 1 July 2001 in respect of companies no longer consolidated	–	23	8	–	–	31
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)	21	–	–	–	–	21
(Deficit) in schemes at 30 June 2002	(72)	(127)	(18)	(19)	(1)	(237)

If the measurement principles of FRS 17 had been applied to the pension schemes and post-retirement medical benefit schemes of the Group's joint venture and associated entities at 30 June 2003, a deficit of approximately US\$50 million (2002: US\$7 million) would have been recognised in the Group Statement of Financial Performance and actuarial losses of approximately US\$35 million (2002: US\$12 million) would have been recognised.

Notes to Financial Statements continued

42 Remuneration of Directors and executive officers and retirement payments approved in general meeting

Directors

	2003 US\$M	2002 US\$M
Amounts received or due and receivable by Directors of BHP Billiton Limited (a)(b)(c)	21.343 ^(d)	14.824

Directors whose total income was between (US\$)	2003 Number	2002 Number
0 – 9 999	2	–
40 000 – 49 999	1	–
50 000 – 59 999	1	–
60 000 – 69 999	–	1
70 000 – 79 999	1	9
80 000 – 89 999	3	2
90 000 – 99 999	2	–
100 000 – 109 999	1	–
150 000 – 159 999	–	1
200 000 – 209 999	1	–
260 000 – 269 999	1	1
1 480 000 – 1 489 999	–	1
2 020 000 – 2 029 999	–	1
2 940 000 – 2 949 999	1	–
3 540 000 – 3 549 999	1	–
4 940 000 – 4 949 999	–	1
5 060 000 – 5 069 999	–	1
5 140 000 – 5 149 999	1	–
8 510 000 – 8 519 999	1	–

In 2003, amounts received or due and receivable by Directors of BHP Billiton Group controlled entities were US\$93.209 million (2002: US\$100.242 million). Refer (a), (b) and (c).

Executive officers

	2003 US\$M	2002 US\$M
Amounts received or due and receivable by executive officers (including executive Directors) of the BHP Billiton Group whose total income equals or exceeds US\$100 000 (a)(b)(c)(e)	37.528	29.610

42 Remuneration of Directors and executive officers and retirement payments approved in general meeting continued

Executive officers whose total income was between (US\$)	2003 Number	2002 Number	Executive officers whose total income was between (US\$)	2003 Number	2002 Number
1 070 000 – 1 079 999	–	1	1 760 000 – 1 769 999	1	–
1 100 000 – 1 109 999	–	1	1 860 000 – 1 869 999	–	1
1 150 000 – 1 159 999	1	–	1 890 000 – 1 899 999	1	1
1 160 000 – 1 169 999	1	–	2 100 000 – 2 109 999	–	1
1 250 000 – 1 259 999	–	1	2 280 000 – 2 289 999	1	–
1 300 000 – 1 309 999	1	–	2 540 000 – 2 549 999	–	1
1 310 000 – 1 319 999	–	1	2 940 000 – 2 949 999	1	–
1 450 000 – 1 459 999	1	1	3 420 000 – 3 429 999	–	1
1 490 000 – 1 499 999	1	–	3 540 000 – 3 549 999	1	–
1 540 000 – 1 549 999	1	–	4 940 000 – 4 949 999	–	1
1 550 000 – 1 559 999	–	1	5 060 000 – 5 069 999	–	1
1 570 000 – 1 579 999	1	–	5 140 000 – 5 149 999	1	–
1 720 000 – 1 729 999	1	–	8 510 000 – 8 519 999	1	–
				15	13

- (a) The BHP Billiton Group granted various equity instruments to executive Directors and executive officers during the years ended 30 June 2003 and 30 June 2002, in accordance with the share ownership plans in existence in both the BHP Billiton Limited Group and the BHP Billiton Plc Group. The value of each instrument granted during the year ended 30 June 2003 has been determined by an independent actuary using modified Black-Scholes option pricing techniques. Instruments granted by the BHP Billiton Limited Group during the year ended 30 June 2002 were also valued by an independent actuary using modified Black-Scholes option pricing techniques. Remuneration for the years ended 30 June 2003 and 2002 includes amounts in relation to equity instruments, spread over the relevant vesting periods. The different nature of the instruments which have been issued year on year, with respect to the performance hurdles which have been established and the qualifying periods before the instruments vest, results in variations to the respective valuations. Refer to note 31 for details of all instruments granted and valuations. Refer to the Remuneration Report for details regarding various equity instruments in respect of the Directors of BHP Billiton Group.
- (b) For some executive Directors and executive officers, remuneration includes BHP Billiton Group contributions to superannuation funds and an imputed notional contribution calculated at the determined actuarial rate. Where executive Directors and executive officers have Employee Share Plan loans, an imputed interest component is included in remuneration.
- (c) Remuneration for 2003 includes incentives payable to executive Directors and executive officers based on the achievement of business performance targets and individual performance for the year ended 30 June 2003. Remuneration for 2002 includes incentives paid to executive Directors and executive officers for the year ended 30 June 2002. Non-executive Directors are not entitled to any form of performance-related remuneration.
- (d) Amounts received or due and receivable by Directors of BHP Billiton Limited include retirement benefits of US\$178 043 paid during the current year in the banding US\$200 000 to US\$209 999, which had been accrued for in prior years. Not included are retirement benefits of US\$281 316, which had been accrued for in prior years, but which were paid during the current year, for Directors of BHP Billiton Limited who did not hold office during the year.
- (e) An executive officer is a person directly accountable and responsible for the strategic direction and operational management of the BHP Billiton Group. Executive officers include members of the Executive Committee, some of whom are not domiciled in Australia.

Retirement payments approved in the annual general meeting

	2003 US\$M	2002 US\$M
Prescribed benefits in connection with the retirement of Directors as at retirement date approved in general meeting of BHP Billiton Limited		
J T Ralph	0.166	–
J C Conde	–	0.186
B C Alberts	–	0.103
	0.166	0.289

Notes to Financial Statements continued

43 Major interests in joint venture operations

Name	Country of operation	Principal activity	BHP Billiton Group's effective interest	
			30 June 2003 %	30 June 2002 %
Atlantis	US	Hydrocarbons exploration and production	44	44
Bass Strait	Australia	Hydrocarbons exploration and production	50	50
Boris	US	Hydrocarbons exploration and production	50	50
Bruce	UK	Hydrocarbons exploration and production	16	16
Griffin	Australia	Hydrocarbons exploration and production	45	45
Gulf of Mexico	US	Hydrocarbons exploration and production	5-100	5-100
Keith	UK	Hydrocarbons exploration and production	32	32
Laminaria	Australia	Hydrocarbons exploration and production	25-33	25-33
Liverpool Bay	UK	Hydrocarbons exploration and production	46	46
Mad Dog	US	Hydrocarbons exploration and production	23.9	23.9
Mamore	Bolivia	Hydrocarbons exploration and production	50	50
North West Shelf	Australia	Hydrocarbons exploration and production	8-17	8-17
Ohanet	Algeria	Hydrocarbons exploration and production	45	45
ROD Integrated Development	Algeria	Hydrocarbons exploration and production	36.04	38.75
Trinidad 2c – Angostura	Trinidad	Hydrocarbons exploration and production	45	45
Typhoon	US	Hydrocarbons exploration and production	50	50
Zamzama	Pakistan	Hydrocarbons exploration and production	38.5	38.5
Alumar	Brazil	– Alumina refining	36	36
		– Aluminium smelting	46	46
		– Bauxite mining	76	76
Billiton Suriname	Suriname	– Alumina refining	45	45
		Aluminium smelting	47.1	47.1
Mozal	Mozambique	Aluminium smelting	45.5	45.5
Valesul Aluminio	Brazil	Aluminium smelting	86	86
Worsley	Australia	Bauxite mining and alumina refining	57.5	57.5
Escondida	Chile	Copper mining	50	50
Central Queensland Coal Associates	Australia	Coal mining	50	50
Gregory	Australia	Coal mining	85	85
Mt Goldsworthy	Australia	Iron ore mining	85	85
Mt Newman	Australia	Iron ore mining	85	85
Yandi	Australia	Iron ore mining	80	80
EKATI	Canada	Diamond mining	84	84
Douglas Colliery	South Africa	Coal mining	84	84
Middelburg Mine	South Africa	Coal mining	37	37
Richards Bay Coal Terminal	South Africa	Coal exporting	50	50
Rietspruit Mine	South Africa	Coal mining		

44 Elements relating to all joint venture operations

	2003 US\$M	2002 US\$M
Current assets		
Cash assets	193	295
Receivables	432	539
Inventories	539	482
Other	18	34
Non-current assets		
Receivables	190	159
Other financial assets	26	24
Inventories	61	46
Property, plant and equipment	11 692	11 069
Other	382	428
BHP Billiton Limited Group share of assets employed in joint venture operations	13 533	13 076
Contingent liabilities – unsecured ^(a)	46	54
Contracts for capital expenditure commitments not completed ^(b)	1 362	1 358

^(a) Included in contingent liabilities arising from joint venture operations. Refer note 39.

^(b) Included in capital expenditure commitments. Refer note 40.

45 Major controlled entities

The principal controlled entities of BHP Billiton Limited and BHP Billiton Plc are as follows:

Name	Country of operation	Principal activity	BHP Billiton Group's effective interest	
			30 June 2003 %	30 June 2002 %
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	Australia	Finance	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 Iron Ore Pty Ltd	Australia	Management company and iron ore marketing	100	100
BHP Billiton Marketing AG	Switzerland	Marketing and trading	100	100
BHP Billiton Minerals Pty Ltd	Australia	Iron ore, silver, lead and zinc mining	100	100
BHP Billiton Petroleum (Americas) Inc	US	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (Australia) Pty Ltd	Australia	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (Bass Strait) Pty Ltd	Australia	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (Deepwater) Inc	US	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (GOM) Inc	US	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (NWS) Pty Ltd	Australia	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum Great Britain Ltd	UK	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (International Exploration) Pty Ltd	Australia	Hydrocarbons exploration and production	100	100
BHP Billiton Petroleum (Victoria) Pty Ltd	Australia	Hydrocarbons exploration and production	100	100

Notes to Financial Statements continued

45 Major controlled entities continued

Name	Country of operation	Principal activity	BHP Billiton Group's effective interest	
			30 June 2003 %	30 June 2002 %
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 (Trinidad – 2c) Ltd	Canada	Hydrocarbons exploration and production	100	100
BHP Billiton World Exploration Inc	Canada	Exploration	100	100
BHP Coal Holding Pty Ltd	Australia	Holding company	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 International Finance Corporation	US	Finance	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
BHP Operations Inc	US	Finance	100	100
BHP Petroleum (Pakistan) Pty Ltd	Australia	Hydrocarbons exploration and production	100	100
BHP Queensland Coal Investments Pty Ltd	Australia	Holding company and coal mining	100	100
BHP Queensland Coal Ltd	US	Coal mining	100	100
BHP Steel (AIS) Pty Ltd	Australia	Iron and steel production and coal mining	–	100
BHP Steel Investments Inc	US	Steel production	–	100
BHP Steel Ltd	Australia	Rollforming and coating of sheet steel	–	100
BHP Steel Malaysia Sdn Bhd	Malaysia	Steel coating	–	60
BHP Steel Thailand Ltd	Thailand	Steel coating	–	87.5
BHP (USA) Investments Inc	US	Investment	100	100
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 Marketing Holding BV	Netherlands	Marketing and trading	100	100
Billiton Metais SA	Brazil	Alumina refining and aluminium smelting	100	100
Broken Hill Proprietary (USA) Inc	US	Service company	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	100
Endeavour Coal Pty Ltd	Australia	Coal mining	100	100
Gengro Limited	South Africa	Investment holding company	100	100
Groote Eylandt Mining Co Pty Limited	Australia	Manganese mining	60	60
Illawarra Coal Holdings Pty Ltd	Australia	Coal mining	100	100
Ingwe Coal Corporation Limited	South Africa	Coal mining	100	100

45 Major controlled entities continued

Name	Country of operation	Principal activity	BHP Billiton Group's effective interest	
			30 June 2003 %	30 June 2002 %
PT BHP Steel Indonesia	Indonesia	Steel coating	–	74
QNI Pty Ltd	Australia	Holding company	100	100
QNI Resources Pty Ltd	Australia	Nickel refining	100	100
QNI Metals Pty Ltd	Australia	Nickel refining	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 and trading	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	New Zealand	Iron and steel production	–	100

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

Notes to Financial Statements continued

46 Related parties

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

D R Argus AO	D A Crawford	J M Schubert
P M Anderson ^(a)	B P Gilbertson ^(b)	J T Ralph AC ^(d)
C W Goodyear	C A Herkströter	J B Jackson ^(d)
Lord Renwick of Clifton	D C Brink	M A Chaney
D A Jenkins	Dr J Buchanan ^(c)	M Salamon ^(e)

^(a) Resigned on 1 July 2002.

^(b) Resigned on 5 January 2003.

^(c) Appointed on 1 February 2003.

^(d) Resigned on 4 November 2002.

^(e) Appointed on 24 February 2003.

Share transactions with Directors and Director-related entities

The current Chief Executive Officer, C W Goodyear, was conditionally awarded 180 154 ordinary shares in BHP Billiton Limited under the Group Incentive Scheme during the year ended 30 June 2003 (2002: nil).

On 23 May 2003, agreement was reached with former Chief Executive B P Gilbertson regarding the terms of termination of his employment with the Group, some two and a half years earlier than the date provided under his contracts. Mr Gilbertson was a participant in the Group's employee share plans. None of the entitlements under those plans that had been

granted to him but that had not vested at the date of his termination were transferred. Rather, the entitlements were scaled back to reflect the period of his employment. Mr Gilbertson continues to hold the scaled-back entitlements but they remain subject to the same conditions that applied on grant, where pre-determined performance hurdles must be satisfied. Those hurdles will be measured at the same time and in the same manner as for other participants. The number of shares Mr Gilbertson has retained an entitlement to is 228 675 (comprising 63 159 Performance Shares under the Group Incentive Scheme, 123 218 shares under the Restricted Share Scheme and 42 298 shares under the Co-Investment Plan). The number, if any, that might ultimately vest will remain dependent on satisfaction of the performance hurdles.

The former Managing Director and Chief Executive Officer, P M Anderson received 374 693 ordinary shares in BHP Billiton Limited during the year ended 30 June 2002 on exercise of Performance Rights.

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

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

	Shares/Options/Performance Rights in BHP Billiton Limited		Shares/Options in BHP Billiton Plc	
	2003	2002	2003	2002
Fully paid ordinary shares	522 754	1 240 374	1 030 772	1 048 752
Employee Share Plan Options	1 280 361	3 510 670		
Exercisable Rights	–	57 383		
Performance Rights	321 056	1 296 559		
Restricted Share Scheme			198 163	292 576
Co-Investment Plan – committed shares			26 471	24 925
Co-Investment Plan – matching award			80 735	76 021
Group Incentive Scheme	180 154	–	193 706	–

The interests of the Directors who held office at 30 June 2003 in the fully paid ordinary shares of BHP Billiton Limited and BHP Billiton Plc are set out in the table below:

	As at 30 June 2003	As at 30 June 2002		As at 30 June 2003	As at 30 June 2002
BHP Billiton shares ⁽¹⁾			BHP Billiton shares ⁽¹⁾		
Don Argus ⁽⁴⁾	193 495	193 495	David Crawford ⁽⁴⁾	29 127	16 127
Charles Goodyear	247 813 ⁽²⁾	82 604 ⁽³⁾	Cornelius Herkströter ⁽⁴⁾	10 642	10 000
David Brink ⁽⁴⁾	39 377	37 000	David Jenkins	10 326	10 326
John Buchanan ⁽⁵⁾	1 000	–	Miklos Salamon ⁽⁶⁾	977 282	–
Michael Chaney ⁽⁴⁾	12 338	4 338	John Schubert	23 675	23 675
Lord Renwick of Clifton	8 451	8 066			

⁽¹⁾ Shares in BHP Billiton Limited shown in *italics*. All interests are beneficial.

⁽²⁾ 82 604 held in the form of 41 302 American Depositary Shares.

⁽³⁾ Held in the form of 41 302 American Depositary Shares.

⁽⁴⁾ Includes shares held in name of spouse and/or nominee.

⁽⁵⁾ Appointed 1 February 2003, at which date he held no shares.

⁽⁶⁾ Appointed 24 February 2003, at which date he held 977 282 shares.

46 Related parties continued

In addition, relatives of M A Chaney own 3 914 (2002: 3 914) fully paid ordinary shares and relatives of the current Chief Executive Officer C W Goodyear own 3 671 (2002: 3 671) American Depositary Shares (ADS). Each ADS represents two fully paid ordinary shares.

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

Refer to note 31 for details of the employee ownership plans referred to above.

	2003 US\$M	2002 US\$M
Loans made to Directors		
Aggregate amount of loans made during the financial year to Directors, not being Directors of BHP Billiton Limited or BHP Billiton Plc		
Directors of controlled entities (all loans were concessional)	0.004	0.004
Loan repayments from Directors		
Aggregate amount of repayments received during the financial year from Directors, not being Directors of BHP Billiton Limited or BHP Billiton Plc		
Employee Share Plan loans		
Directors of controlled entities	0.109	0.736
Other loans		
Directors of controlled entities (all loans were concessional)	0.002	0.006

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

Amundsen M*	Ellefson C S*	Kellow G L*	Schulz D*
Ashby I R*	Excell J D*	Keogh S M*	Sherlock G T*
Baxendale D R*	Ford S L*	Kirkby R W*	Stockden J M*
Bond G*	Gill B J*	Kirke A W*	Todorcevski Z*
Cameron J K*	Giorgini S*	Lie E #	Twine D J*
Carroll D A*	Grubb J W*	Lyons J S*	Vanselow A*
Carroll R A*	Grubbs R K*	Massey J C*	Vine J A*
Coghlan M M*	Harvey R #	Matthys J L*	Watts R*
Croker N*	Heath G J*	Murphy D F*	White T A*
Crossley T E S*	Henson W*	Netterfield D J*	Whiting T H*
Dalglish I W*	Heycox I R*	Nicol B A*	Wills D J*
Danks P*	Howell A F*	Offen A J*	Williams M L*
De Verteuil D N*	Hunt G P*	Oppenheimer M C*	Wirth B A*
Dines C J*	Hunter K C*	Pickering K W*	Worner M C H*
Dynon J N*	Jones E Y*	Quinn G W*	Worthington P A*
Edney I C*	Jones J H*	Reynolds A E*	

* Employee Share Plan loan repayments.

/ Other loans received.

Other loan repayments.

Notes to Financial Statements continued

46 Related parties continued

Related party transactions and balances included throughout the financial statements are as follows:

	2003 US\$M	2002 US\$M
Interest received or due and receivable from related parties		
Associated entities	14.579	17.482
	14.579	17.482
Dividends received or due and receivable from related parties		
Associated entities	213.123	187.390
	213.123	187.390
Borrowing costs paid or due and payable to related parties		
Associated entities	–	0.171
	–	0.171
Current trade receivables due from related parties		
Associated entities	3.131	1.099
	3.131	1.099
Current sundry receivables due from related parties		
Associated entities	6.668	3.343
Directors of controlled entities ^(a)	0.034	0.924
	6.702	4.267
Non-current sundry receivables due from related parties		
Associated entities	292.859	455.822
Directors of controlled entities ^(a)	1.484	1.745
	294.343	457.567
Current trade creditors due to related parties		
Director-related entities	0.166	0.195
	0.166	0.195
Current sundry creditors due to related parties		
Associated entities	60.391	1.635
Other related entities	2.879	1.889
	63.270	3.524
Non-current sundry creditors due to related parties		
Associated entities	4.682	4.433
	4.682	4.433

^(a) Current and non-current sundry receivables due from Directors of controlled entities represent the appropriate portion of loans to Directors engaged in full-time employment within the BHP Billiton Group, mainly for acquisition of shares in BHP Billiton Limited. The loans reduced during the year as a consequence of the demerger of BHP Steel.

^(b) Associated entities includes all joint venture and associated entities.

Investments in joint venture and associated entities are shown in note 18.

Directors' remuneration is shown in note 42.

Major interests in joint venture operations are shown in note 43.

Details of major controlled entities are shown in note 45.

46 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 for the purpose of the disclosure requirements of Australian Accounting Standard AASB 1017 'Related Party Disclosures':

Director of BHP Billiton Limited	Director-related entity	Position held in Director-related entity
M A Chaney	Wesfarmers (Group) Limited	Managing Director
D A Jenkins	Chartwood Resources Ltd	Chairman and Managing Director
B D Romeril ^(a)	Xerox Corporation	Chief Financial Officer

(a) Resigned as Director of BHP Billiton Group on 30 June 2002.

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

- the Wesfarmers Group received US\$5.015 million during the year ended 30 June 2003 (2002: US\$22.287 million) for products and services provided to the BHP Billiton Group. The Wesfarmers Group paid US\$nil (2002: US\$5.052 million) to the BHP Billiton Group for various products.
- 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 to the Xerox Corporation were US\$0.619 million.

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.

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

Transactions with associated entities

The following material transactions with related parties of the BHP Billiton Group occurred during the year ended 30 June 2003 and were conducted in the normal course of business and under normal commercial terms and conditions:

- sales of services to Australian LNG Shipping amounting to US\$14.258 million (2002: US\$9.872 million).
- sales to Columbus Stainless Steel amounting to US\$nil (2002: US\$17.546 million).
- sales to Billiton Stratcor Incorporated amounting to US\$nil (2002: US\$168.747 million).
- sales of services to Samarco amounting to US\$17.703 million (2002: US\$6.202 million).
- sales of services to Advalloy amounting to US\$0.717 million (2002: US\$23.924 million).

Notes to Financial Statements continued

47 Statement of Financial Position – Australian dollars

For the convenience of the reader, an Australian dollar Statement of Financial Position of the BHP Billiton Group is detailed below. A convenience translation of amounts from US dollars into Australian dollars has been made at an exchange rate of US\$0.6667 = A\$1 at 30 June 2003 and US\$0.5664 = A\$1 at 30 June 2002. The rate of exchange for 30 June 2003 is based on the market foreign exchange rate sourced from Reuters at 12.00pm (AEST) on the last day of the financial period.

	30 June 2003 A\$M	30 June 2002 A\$M
Current assets		
Cash assets	2 328	2 646
Receivables	3 266	4 050
Other financial assets	214	207
Inventories	1 992	2 505
Other assets	194	175
Total current assets	7 994	9 583
Non-current assets		
Receivables	1 345	1 570
Investments accounted for using the equity method	2 104	2 657
Other financial assets	225	1 026
Inventories	77	67
Property, plant and equipment	29 668	35 569
Intangible assets	699	905
Deferred tax assets	671	847
Other assets	531	498
Total non-current assets	35 320	43 139
Total assets	43 314	52 722
Current liabilities		
Payables	3 544	4 300
Interest bearing liabilities	1 347	3 172
Tax liabilities	464	870
Other provisions and liabilities	1 711	1 970
Total current liabilities	7 066	10 312
Non-current liabilities		
Payables	292	214
Interest bearing liabilities	9 639	11 269
Deferred tax liabilities	2 151	2 825
Other provisions and liabilities	5 026	4 880
Total non-current liabilities	17 108	19 188
Total liabilities	24 174	29 500
Net assets	19 140	23 222
Contributed equity – BHP Billiton Limited	2 677	5 549
Called up share capital – BHP Billiton Plc	2 598	3 093
Reserves	543	832
Retained profits	12 836	13 162
Total BHP Billiton interest	18 654	22 636
Outside equity interest	486	586
Total equity	19 140	23 222

48 BHP Billiton Limited (single parent entity financial statements)

Set out below are the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows of the BHP Billiton Limited single parent entity expressed in Australian dollars.

The full single parent entity financial statements of BHP Billiton Limited are available on the Company's website (www.bhpbilliton.com) and are available to shareholders on request free of charge.

Statement of Financial Performance for the year ended 30 June 2003

	BHP Billiton Limited	
	30 June 2003 A\$M	30 June 2002 A\$M
Revenue from ordinary activities		
Non-operating revenue	3 827	2 341
	3 827	2 341
<i>deduct</i>		
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	1 842	757
	1 985	1 584
<i>deduct</i>		
Depreciation and amortisation	9	8
Borrowing costs	696	653
Profit from ordinary activities before income tax	1 280	923
<i>deduct</i>		
Income tax expense/(benefit) attributable to ordinary activities	99	(50)
Net profit attributable to members of BHP Billiton Limited	1 181	973
Total changes in equity other than those resulting from transactions with owners	1 181	973

Notes to Financial Statements continued

48 BHP Billiton Limited (single parent entity financial statements) continued

Statement of Financial Position as at 30 June 2003

	BHP Billiton Limited	
	30 June 2003 A\$M	30 June 2002 A\$M
Current assets		
Cash assets	1	83
Receivables ^(a)	24 004	30 044
Other	1	1
Total current assets	24 006	30 128
Non-current assets		
Receivables	4 909	2 096
Other financial assets	22 308	19 525
Property, plant and equipment	5	34
Deferred tax assets	52	198
Other assets	2	3
Total non-current assets	27 276	21 856
Total assets	51 282	51 984
Current liabilities		
Payables ^(a)	33 263	33 200
Interest bearing liabilities	1	4
Tax liabilities	7	96
Other provisions	678	734
Total current liabilities	33 949	34 034
Non-current liabilities		
Interest bearing liabilities	6 153	4 712
Other provisions	71	39
Total non-current liabilities	6 224	4 751
Total liabilities	40 173	38 785
Net assets	11 109	13 199
Contributed equity – BHP Billiton Limited	3 242	5 638
Reserves	727	689
Retained profits	7 140	6 872
Total equity	11 109	13 199

^(a) The majority of these balances represent amounts which are receivable and payable internal to the Group. The Company has control of payment of these amounts and will manage them to ensure that at all times it has sufficient funds available to meet its commitments.

Statement of Cash Flows for the year ended 30 June 2003

	BHP Billiton Limited	
	30 June 2003	30 June 2002
	A\$M	A\$M
Cash flows related to operating activities		
Receipts from customers	–	21
Payments to suppliers, employees, etc.	(541)	(499)
Dividends received	825	804
Interest received	1 406	1 176
Borrowing costs	(696)	(653)
Other	233	159
Operating cash flows before income tax	1 227	1 008
Income taxes (paid)/refunds received	(32)	130
Net operating cash flows	1 195	1 138
Cash flows related to investing activities		
Purchases of property, plant and equipment	(3)	(2)
Investments in controlled entities	(4 585)	(693)
Investing outflows	(4 588)	(695)
Proceeds from sale of property, plant and equipment	15	20
Proceeds from demerger, sale or partial sale of controlled entities and joint venture interests	1 331	126
Net investing cash flows	(3 242)	(549)
Cash flows related to financing activities		
Proceeds from ordinary share issues, etc.	294	1
Loans to Group companies	(2 048)	(7 561)
Repayments of loans from Group companies	4 657	8 000
Buy-back of shares previously held by Beswick Group	–	(36)
Dividends paid	(913)	(900)
Other	(22)	(21)
Net financing cash flows	1 968	(517)
Net increase/(decrease) in cash and cash equivalents	(79)	72
Cash and cash equivalents at beginning of period	79	7
Cash and cash equivalents at end of period	–	79

Notes to Financial Statements continued

49 Supplementary oil and gas information (unaudited)

Oil and gas reserves

The table below details our oil, condensate, LPG and gas reserves, estimated at 30 June 2003, 30 June 2002 and 30 June 2001 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 to demonstrate their commerciality under prices and costs existing at the time of the estimates. Our reserves include quantities of oil, condensate and LPG which will be produced under several production and risk-sharing arrangements that involve us in upstream risks and rewards but do not transfer ownership of the products to us. At 30 June 2003, approximately 19 per cent (2002: 17 per cent, 2001: 14 per cent) of proved developed and undeveloped oil, condensate and LPG reserves and nil (2002: nil, 2001: nil) of natural gas reserves are attributable to those arrangements. 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 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	329.0	160.7	108.9	598.6
Improved recovery	–	–	0.1	0.1
Revisions of previous estimates	52.2	(12.2)	12.2	52.2
Extensions and discoveries	0.5	10.1	3.9	14.5
Purchase/sales of reserves	–	–	–	–
Production ^(b)	(55.1)	(6.6)	(11.7)	(73.4)
Total changes	(2.4)	(8.7)	4.5	(6.6)
Reserves at 30 June 2003 ^(c)	326.6	152.0	113.4	592.0
Proved developed oil, condensate and LPG reserves ^(a)				
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
Reserves at 30 June 2003	227.8	9.9	24.5	262.2

(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 20.9 million barrels derived from probabilistic aggregation procedures.

49 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 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	4 500.8	154.0	489.2	5 144.0
Improved recovery	—	—	16.7	16.7
Revisions of previous estimates	404.1	4.9	(7.0)	402.0
Extensions and discoveries	188.9	10.2	—	199.1
Purchases/sales of reserves	—	—	—	—
Production ^(b)	(189.2)	(21.8)	(79.9)	(290.9)
Total changes	403.8	(6.7)	(70.2)	326.9
Reserves at 30 June 2003 ^(c)	4 904.6	147.3	419.0	5 470.9
Proved developed natural gas reserves				
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
Reserves at 30 June 2003	2 560.4	64.8	397.1	3 022.3

^(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 233.2 billion cubic feet derived from probabilistic aggregation procedures.

50 Supplementary mineral resource and ore reserves information (unaudited)

The statement of Mineral Resources and Ore Reserves presented in this report has been produced in accordance with the Australasian Code for reporting of Mineral Resources and Ore Reserves, September 1999 (the 'JORC Code'). Commodity prices and exchange rates used to estimate the economic viability of reserves are based on September 2002, BHP Billiton long-term forecasts unless otherwise stated. The Ore Reserves tabulated are all held within existing, fully permitted mining tenements. The BHP Billiton Group's mineral 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.

The information in this report relating to Mineral Resources and Ore Reserves is based on information compiled by Competent Persons (as defined in the JORC code) or for operations located outside Australia by Recognised Mining Professionals, defined as a member of a recognised mining professional body. All Competent Persons and Recognised Mining Professionals have, at the time of reporting, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as

defined by the JORC Code. Each Competent Person consents to the inclusion in this Report of the matters based on their information in the form and context in which it appears.

All of the Mineral Resource and Ore Reserve figures presented are reported in 100 per cent terms, and represent estimates at 30 June 2003 (unless otherwise stated). All tonnes and grade information has been rounded; hence small differences may be present in the totals. All of the Mineral Resource information (unless otherwise stated) is inclusive of Mineral Resources that have been converted to Ore Reserves (i.e. Mineral Resources are not additional to Ore Reserves).

The information contained herein 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. BHP Billiton's US GAAP disclosures reflect the information reported to the SEC.

Ore Reserves and Mineral Resources are presented in the accompanying tables subdivided for each of the Customer Sector Groups.

Aluminium Customer Sector Group

Mineral Resources

The table below details the Mineral Resources for the Aluminium Customer Sector Group as at 30 June 2003 and is presented in 100 per cent terms.

Bauxite Deposits ⁽⁶⁾	Measured Resources		Indicated Resources		Inferred Resources		Total Resources	BHP Billiton Interest
	Tonnes (millions)	Alumina ⁽⁴⁾ %	Tonnes (millions)	Alumina ⁽⁴⁾ %	Tonnes (millions)	Alumina ⁽⁴⁾ %	Tonnes (millions)	
Australia ⁽¹⁾								
Worsley	339	30.7	156	33	65	32.2	560	86
Suriname ⁽²⁾								
Lelydorp, Para N & Kankantie N	9.7	59.6	16.4	58.0	–	–	26.1	76
Brazil ⁽³⁾⁽⁵⁾								
MRN Crude	171	–	34	–	860	–	1 064	14.8
MRN Washed	122	50.5	26	51.3	600	50.4	748	14.8

⁽¹⁾ Worsley resource numbers are quoted on a dry basis; Competent Person is D Parmenter (MAIG).

⁽²⁾ Suriname resource numbers are quoted on a dry basis; Competent Person is D L Butty (EuroGeol).

⁽³⁾ Resource tonnages for MRN washed are quoted with nominal 5 per cent moisture; Competent Person is V J van der Riet (MAusIMM).

⁽⁴⁾ Alumina as available alumina for Worsley and MRN; and total alumina for Lelydorp.

⁽⁵⁾ MRN – Mineração Rio do Norte.

⁽⁶⁾ The Worsley total resource increased by 15 Mt from the previous 2002 estimate; this is the net effect of new drilling, minor changes in cut-off grade and mining depletion during the year. Suriname resource changes are the result of mining depletion. The reduction in MRN crude and washed resource is due to mining depletion and the loss of resource due to environmental restrictions and selective mining.

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Aluminium Customer Sector Group continued

Ore Reserves

The table below details the Ore Reserves for the Aluminium Customer Sector Group as at 30 June 2003 and is presented in 100 per cent terms.

Reserves (1)(2)(3)(4)(8)	Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserve		BHP Billiton
Deposit	Tonnes (millions)	Grade %Alumina	Tonnes (millions)	Grade %Alumina	Tonnes (millions)	Grade %Alumina	Interest %
Australia (5)							
Worsley	314	30.7	12	30.9	326	30.7	86
Suriname (6)							
Lelydorp	9.3	52.5	–	–	9.3	52.5	76
Brazil (7)							
MRN Crude	171	–	–	–	171	–	14.8
MRN Washed	122	50.5	–	–	122	50.5	14.8

(1) Mine dilution and recovery are included in the ore reserve statements for each deposit.

(2) Alumina as available alumina.

(3) Approximate drill hole spacings used to classify the reserves are:

	Proved Ore Reserves	Probable Ore Reserves
Worsley	100m or less grid spacing	200m or less grid spacing
Lelydorp	61m x 61m	No reserve quoted in this category.
MRN	200m grid spacing or less with mining and metallurgical characterisation (test pit/ bulk sample) plus a reliable suite of chemical and size distribution data.	No reserve quoted in this category.

(4) No third party audits have been undertaken on the quoted ore reserve.

(5) Worsley reserve tonnages are quoted on a dry basis; Competent Person is D Parmenter (MAIG).

(6) Lelydorp reserve tonnages are quoted on a dry basis; Competent Person is D L Butty (EuroGeol).

(7) Mineração Rio do Norte (MRN) washed reserve tonnages and grades are quoted on a nominal 5 per cent moisture content basis; Competent Person is V J van der Riet (MAusiMM).

(8) Changes in the Ore Reserves from the previous 2002 figures reflect changes discussed in the Mineral Resources table for the Aluminium Customer Sector Group.

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Base Metals Customer Sector Group

Mineral Resources ⁽⁹⁾⁽¹⁰⁾

Details of the Mineral Resources for the Base Metals Customer Sector Group as at 30 June 2003 and are presented in the table below in 100 per cent terms.

Commodity Deposit	Ore Type	Measured Resources				Indicated Resources			
		Tonnes (millions dmt)	%TCu	Grade ⁽⁹⁾ %SCu	g/tAu	Tonnes (millions dmt)	%TCu	Grade ⁽⁹⁾ %SCu	g/tAu
Copper Escondida ⁽¹⁾	Sulphide	687	1.43	—	—	897	1.01	—	—
	Low-grade float	171	0.60	—	—	557	0.60	—	—
	Low-grade leach	194	0.50	—	—	207	0.41	—	—
	Mixed	25	1.41	0.42	—	41	0.59	0.21	—
	Oxide	141	—	0.77	—	61	—	0.48	—
Escondida Norte	Sulphide	89	1.81	—	—	485	1.30	—	—
	Low-grade float	9.4	0.62	—	—	344	0.58	—	—
	Mixed	4.7	0.83	0.26	—	31	0.88	0.31	—
	Oxide	12	—	0.55	—	97	—	0.86	—
Pinto Valley ⁽²⁾	Pinto Valley unit	697	0.20	—	—	16	0.34	—	—
	In situ leach	174	0.32	—	—	40	0.32	—	—
Robinson ⁽³⁾	Tripp-Veteran	183	0.66	—	0.25	28	0.60	—	0.15
	Ruth	145	0.55	—	0.15	25	0.49	—	0.15
Tintaya ⁽⁴⁾	Sulphide	41.4	1.43	—	0.26	51.7	1.51	—	0.20
	Oxide	5.0	1.51	1.29	—	33.7	1.64	1.23	—
Cerro Colorado ⁽⁵⁾	Oxide	9.3	0.62	0.44	—	177	0.71	0.54	—
	Sulphide	5.2	0.96	0.12	—	117	0.80	0.10	—
Spence	Oxide	41	1.34	0.99	—	46	0.93	0.69	—
	Leachable sulphide	113	1.36	0.18	—	168	0.82	0.12	—
Highland Valley	Sulphide	Tonnes (millions dmt)	%TCu	Grade %Mo		Tonnes (millions dmt)	%TCu	Grade %Mo	
		224	0.42	0.007		50	0.42	0.006	
Copper Zinc	Sulphide	Tonnes (millions dmt)	%TCu	Grade %Zn	g/tAg	Tonnes (millions dmt)	%TCu	Grade %Zn	g/tAg
		26	0.50	0.19	4.9	32	0.47	0.27	5.9
Antamina ⁽⁶⁾	Sulphide	Tonnes (millions dmt)	%TCu	Grade %Zn	g/tAg	Tonnes (millions dmt)	%TCu	Grade %Zn	g/tAg
		26	0.50	0.19	4.9	32	0.47	0.27	5.9
Selbaie	Sulphide stockpiles	Tonnes (millions dmt)	%Zn	Grade g/tAg	%TCu	Tonnes (millions dmt)	%Zn	Grade g/tAg	%TCu
		2.1	1.12	22	0.27	—	—	—	—
Silver Lead Zinc	Sulphide	Tonnes (millions dmt)	g/tAg	Grade %Pb	%Zn	Tonnes (millions dmt)	g/tAg	Grade %Pb	%Zn
		19.0	555	12.23	4.95	12.0	493	11.58	4.06

(1) The Escondida deposit is a supergene-enriched porphyry copper deposit.

Changes in the Mineral Resource reflect mining depletion. Stockpiled material above respective cut-off grades is included as Measured Resource.

(2) The Pinto Valley Mineral Resource is based on the milling and flotation of copper sulphides from ore-grade rock and acid leaching and SXEW of copper from lower grade sulphide bearing rock.

(3) BHP Copper North America ceased operations at the Robinson Mine site on 24 June 1999.

(4) BHP Billiton holds a 99.9 per cent interest in Tintaya, an open pit copper mine in southern Peru. The remaining interest is held by Peruvian shareholders.

(5) Cerro Colorado is a supergene-enriched porphyry copper deposit.

(6) Antamina Resource is exclusive of Ore Reserves.

(7) The Cannington Ag-Pb-Zn deposit is a Broken Hill Type (BHT) deposit located in the Eastern Succession of the Mt Isa inlier. Results from ongoing underground diamond drilling and geological interpretation have seen the upgrading of Inferred Resource to Indicated and Indicated to Measured.

(8) %TCu – per cent total copper, %SCu – per cent soluble copper.

Inferred Resources					Total Resources					BHP Billiton Interest %
Tonnes (millions dmt)	%TCu	Grade (%) %SCu	g/tAu		Tonnes (millions dmt)	%TCu	Grade (%) %SCu	g/tAu		
540	0.92	—	—		2 121	1.12	—	—		57.5
670	0.59	—	—		1 396	0.59	—	—		57.5
270	0.41	—	—		673	0.43	—	—		57.5
46	0.70	0.20	—		111	0.82	0.25	—		57.5
48	—	0.55	—		249	—	0.65	—		57.5
75	0.96	—	—		649	1.33	—	—		57.5
290	0.57	—	—		642	0.58	—	—		57.5
7	0.46	0.12	—		43	0.81	0.27	—		57.5
33	—	0.66	—		142	—	0.79	—		57.5
2	0.25	—	—		715	0.20	—	—		100
—	—	—	—		214	0.32	—	—		100
6	0.49	—	0.07		217	0.65	—	0.23		100
15	0.44	—	0.09		185	0.53	—	0.15		100
24	1.48	—	0.15		117	1.47	—	0.21		99.9
4	1.58	1.21	—		43	1.62	1.23	—		99.9
22	0.65	0.46	—		209	0.70	0.53	—		100
20	0.68	0.10	—		142	0.79	0.10	—		100
1	0.74	0.57	—		88	1.12	0.83	—		100
6	0.65	0.11	—		287	1.03	0.14	—		100
Tonnes (millions dmt)	%TCu	Grade %Mo			Tonnes (millions dmt)	%TCu	Grade %Mo			33.6
—	—	—	—		274	0.42	0.007			
Tonnes (millions dmt)	%TCu	Grade %Zn	g/tAg	%Mo	Tonnes (millions dmt)	%TCu	Grade %Zn	g/tAg	%Mo	33.75
29	0.79	0.98	13.0	0.016	87	0.58	0.48	7.9	0.026	
Tonnes (millions dmt)	%Zn	Grade g/tAg	%TCu	g/tAu	Tonnes (millions dmt)	%Zn	Grade g/tAg	%TCu	g/tAu	100
—	—	—	—	—	2.1	1.12	22	0.27	0.25	
Tonnes (millions dmt)	g/tAg	Grade %Pb	%Zn		Tonnes (millions dmt)	g/tAg	Grade %Pb	%Zn		100
9.4	348	8.9	3.7		40.4	488	11.27	4.39		

⁽⁹⁾ **Competent Persons – Resources**

Escondida, Escondida Norte: Dr J M Gilligan (MAusIMM)
Pinto Valley & Robinson: J Gage (MAusIMM)
Tintaya: R Preece (FAusIMM)
Cerro Colorado: E Fernandez (MAIG)
Spence: M Mullins (FAusIMM)
Highland Valley: R Kintzi (APEGBC)
Antamina: G Stothart (APEGNB)
Selbaie: D Adam (CIM/OGQ)
Cannington: A Edwards (MAusIMM).

⁽¹⁰⁾ The Cerro Colorado total Mineral Resource has increased by 129 Mt from that quoted in 2002, this is due to additions and reclassification based on further drilling less resource depletion due to mining. The Tintaya sulphide and oxide Mineral Resources have been re-estimated with the inclusion of further drilling and changes to resource classification methods. Other changes in the Base Metals Customer Sector Group resource base are predominantly due to mining depletion.

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Base Metals Customer Sector Group continued

Ore Reserves (1)(2)(3)(10)

The table below details our copper, zinc, silver, gold, molybdenum and lead reserves in metric tonnes estimated as at 30 June 2003.

Base Metals Deposit	Ore type	Proved Ore Reserve				Probable Ore Reserve				Total Ore Reserve				BHP Billiton Interest %			
		Tonnes (millions dmt)	%TCu	%SCu	g/tAu	Tonnes (millions dmt)	%TCu	%SCu	g/tAu	Tonnes (millions dmt)	%TCu	%SCu	g/tAu				
Copper Escondida (4)	Sulphide	672	1.46	—	—	842	1.02	—	—	1 514	1.21	—	—	57.5			
	Low-grade float	151	0.60	—	—	418	0.60	—	—	570	0.60	—	—	57.5			
	Mixed	—	—	—	—	51	1.04	0.32	—	51	1.04	0.32	—	57.5			
	Oxide	139	—	0.79	—	53	—	0.51	—	192	—	0.71	—	57.5			
Escondida Norte (5)	Sulphide	84	1.84	—	—	417	1.35	—	—	502	1.44	—	—	57.5			
	Low-grade float	—	—	—	—	95	0.61	—	—	95	0.61	—	—	57.5			
	Oxide	—	—	—	—	117	—	0.77	—	117	—	0.77	—	57.7			
Tintaya (6)(8)	Sulphide	31.9	1.30	—	0.24	31.4	1.45	—	0.18	63.3	1.38	—	0.21	99.9			
	Oxide	5.0	1.51	1.29	—	31.6	1.58	1.18	—	36.6	1.57	1.20	—	99.9			
Cerro Colorado	Oxide	16	0.57	0.40	—	117	0.74	0.59	—	133	0.74	0.58	—	100			
	Sulphide	19	1.02	0.12	—	55	0.84	0.11	—	74	0.88	0.11	—	100			
Highland Valley	Sulphide	Tonnes (millions)	Grade %TCu %Mo			Tonnes (millions)	Grade %TCu %Mo			Tonnes (millions)	Grade %TCu %Mo			33.6			
		224		0.42	0.007		50		0.42	0.006		274			0.42	0.007	
Copper Zinc	Sulphide	Tonnes (millions)	%TCu	%Zn	g/tAg	%Mo	Tonnes (millions)	%TCu	%Zn	g/tAg	%Mo	Tonnes (millions)	%TCu	%Zn	g/tAg	%Mo	33.75
		278	1.27	1.02	14.2	0.030	233	1.16	0.93	13.1	0.029	511	1.22	0.98	13.7	0.030	
Selbaie	Sulphide stockpiles	Tonnes (millions)	%Zn	g/tAg	%TCu	g/tAu	Tonnes (millions)	%Zn	g/tAg	%TCu	g/tAu	Tonnes (millions)	%Zn	g/tAg	%TCu	g/tAu	100
		2.1	1.12	22	0.27	0.25	—	—	—	—	—	2.1	1.12	22	0.27	0.25	
Silver Lead Zinc	Sulphide	Tonnes (millions)	g/tAg	%Pb	%Zn		Tonnes (millions)	g/tAg	%Pb	%Zn		Tonnes (millions)	g/tAg	%Pb	%Zn		100
		15	492	10.85	4.15		8.2	462	10.87	3.74		23.2	482	10.9	4.0		

(1) All reserves quoted are diluted and include mining recovery.

(2) Metallurgical recoveries for the operations are:

% Metallurgical Recovery	TCu	SCu	Zn	Pb	Ag	Au	Mo
Escondida Sulphide	81–86						
Escondida Low-grade float	81						
Escondida Mixed	39						
Escondida Oxide		88					
Escondida Norte Sulphide	80–87						
Escondida Norte Oxide		85					
Tintaya Sulphide	77–90.5				59.4	66.3	
Tintaya Oxide		78.0					
Cerro Colorado	82.5	82.5					
Highland Valley	89						50
Antamina	88.5–95.1		0–86.4		65–90		0–70
Selbaie	79.5		75.5		9.9–50.4	62.2	
Cannington			Ave. 72	Ave. 89	Ave. 89		

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Base Metals Customer Sector Group continued

Ore Reserves continued

(3) Approximate drill hole spacings used to classify the reserves are:

	Proved Ore Reserves	Probable Ore Reserves
Escondida	65 x 65m to 75 x 75m depending on geological domain and ore type	80 x 80m to 140 x 140m depending on geological domain and ore type
Escondida Norte	50 x 50m to 55 x 55m depending on geological domain and ore type	60 x 60m to 280 x 280m depending on geological domain and ore type
Tintaya Sulphide	18m in Chabuca area; 25m elsewhere	37m in Chabuca area; 50m elsewhere
Cerro Colorado	35m grid spacing	75m x 100m grid spacing
Highland Valley	Overall 111.1m spacing	Overall 124.2m spacing
Antamina	3 holes within 55m and closest within 40m	Variable between domains, approximately 2 to 3 holes within 55m to 100m and closest within 25 to 55m
Selbaie	All ore reserves now contained in a stockpile	All ore reserves are now measured
Cannington	12.5m x 15m spacing or less	25m x 25m spacing

(4) No changes to the block model or the ore types were introduced in this declaration. Change in the Ore Reserves tonnages compared to the previous statement results from the depletion of Ore Reserves through production, the application of a mining recovery factor to the stockpiled resources to generate stockpiled reserves and the reclassification of some probable oxide reserves as mixed reserves or waste. The use of a variable cut-off grade strategy during the production period has also resulted in the reclassification of some sulphide ore into LG Float ore. LG Float ore extracted from the pit is stockpiled in the LG leach stockpile resulting in a reclassification to stockpiled LG leach resource. Measured Resource for Mixed ore has been downgraded to Probable Reserve to reflect uncertainty in some of the modifying factors. Stockpiled material is included in the appropriate ore reserve estimate as Proved Reserve (with the exception of Mixed ore). Economic pit limits were determined using the Whittle 4X software package; Ore Reserves herein quoted are based on the 'Ultimate Pit 42NB', generated using Measured, Indicated and Inferred Resources for Sulphide and Oxide material types only. This practice allows the maximum size of the pit to be used in strategic mine planning activities and reasonably reflects the future mining potential of the deposit, subject to future infill drilling. Reported Proved and Probable Reserves are derived from Measured and Indicated Resources only within the Ultimate Pit, after modifying factors have been applied. The Ultimate Pit obtained by removal of Inferred Resources from the pit optimisation is smaller (Ultimate Pit 42SP), and as a result has a lower reserve base. Proved and Probable Reserves in this smaller pit, including stockpiled ore, are reduced to: Sulphide ore: 1417 Mt at 1.24 per cent TCu, LG Float ore: 453 Mt at 0.60 per cent TCu, Mixed ore: 45 Mt at 1.10 per cent TCu and 0.34 per cent SCu, and Oxide ore: 186 Mt at 0.72 per cent SCu. As there are differences in convention within the industry as to which reserves numbers to publicly report, both are provided to maintain transparency. The Inferred Resources located within the mine plan declared in the previous statement (June 2002), did not include 27 million tonnes at 1.21 per cent TCu, which has been corrected in this declaration. The downgrading of Measured Resource to Probable Reserve for Mixed ore was omitted from the previous statement and has been corrected in this declaration.

(5) An Ore Reserve has been declared at Escondida Norte for the first time in 2003. The Escondida Norte deposit is a supergene-enriched porphyry copper deposit of Oligocene age in which two major stages of sulphide and one stage of oxide mineralisation contributed to the formation of a giant copper deposit. The principal copper-bearing minerals are chalcocite, chalcopyrite and brochantite/antlerite. The copper mineralisation is a satellite ore body of the main Escondida mineralisation located 5km to the north. The western extension of Escondida Norte is named the Zaldivar deposit, currently mined in an open pit by Cia. Minera Zaldivar Ltda. The final feasibility study of Escondida Norte was approved by BHP Billiton and its partners in June 2003 as part of the Escondida strategy to maintain copper production capacity in future years. Development costs are estimated at US\$400 million, which include pre-mine development, new mining equipment, a primary crusher with an overland conveyor, and maintenance and operating support facilities. Pre-mine activities are programmed to start in September 2003 and copper production from the Escondida Norte deposit is scheduled for the fourth quarter of CY2005. The deposit will be mined using open pit, bulk-mining methods with mineral processing through conventional flotation to produce a high-grade copper concentrate and oxide heap leaching to produce copper cathode. The mine design is based on truck and shovel methods with direct haulage of waste and in-pit crushing of ore, for a total material movement of approximately 450,000 tonnes per day (tpd). Escondida Norte Sulphide ore will be processed at an initial rate of approximately 85 000 tpd, increasing to 100 000 tpd after two years of copper production. Sulphide ore will feed both the existing Los Colorados concentrator and the new Laguna Seca concentrator, blended with Escondida ore.

(6) Third party reserve audits have been undertaken on Cannington and Tintaya in the past three years.

(7) %TCu – per cent total copper, %SCu – per cent soluble copper.

(8) Tintaya Sulphide production was temporarily halted in November 2001 as a reaction to oversupply in the global copper market, and the oxide operation was commissioned during the year. Tintaya Sulphide production is being restarted during the first half of FY2004.

(9) Test work done on M4 material mined early in the pit life and currently contained in the 4155W stockpile and 4174 Finger 'B' stockpile has indicated that this material is not economically millable. Consequently, this material (approx. 1.7 Mt) has been excluded from the Reserve and Resource estimate. In early June of 2003, an area of Phase 2 and Phase 3 was identified as containing a high percentage of total copper present as oxides and secondary sulphides. This type of material has previously demonstrated poor metallurgy. A preliminary interpretation of the extent of this zone has outlined approximately 6 Mt of previously included Reserve material and 1.7 Mt of Resource material. Test work is ongoing on this material to determine its true economic viability. Consequently, until such time as proven otherwise, this material has been excluded from the Antamina Reserve and Resource estimation numbers.

(10) Competent Persons – Reserves

Escondida, Escondida Norte: Dr J M Gilligan (MAusIMM)
Tintaya: P Dupree (MAusIMM)
Cerro Colorado: R Contreras (MAusIMM)
Highland Valley: R Kintzi (APEGBC)
Antamina: G Stothart (APEGBC)
Selbaie: D Adam (CIM/OGQ)
Cannington: K Sommerville (MAusIMM).

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Carbon Steel Materials Customer Sector Group

Mineral Resources

The tables below detail iron ore, manganese and metallurgical coal Mineral Resources (in metric tonnes) estimated in 100 per cent terms as at 30 June 2003. All resource figures are total Mineral Resources inclusive of material converted to Ore Reserves.

Iron Ore Mineral Resources ⁽⁶⁾

Deposit	Ore Type	Measured Resources			Indicated Resources			Inferred Resources			Total Resources			BHP Billiton Interest %
		Tonnes (millions)	Grade %Fe	Grade %P	Tonnes (millions)	Grade %Fe	Grade %P	Tonnes (millions)	Grade %Fe	Grade %P	Tonnes (millions)	Grade %Fe	Grade %P	
Iron Ore ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾														
Mt Newman JV	BKM	893	63.6	0.07	223	62.4	0.08	277	61.6	0.09	1 394	63.0	0.08	85
	MM	160	61.8	0.07	82	60.0	0.06	619	59.4	0.07	861	59.9	0.07	85
Jimblebar	BKM	245	61.6	0.07	117	61.7	0.08	755	61.5	0.13	1 117	61.5	0.11	100
	MM	–	–	–	–	–	–	17	60.2	0.10	17	60.2	0.10	100
Mt Goldsworthy JV Northern Areas Area C ⁽⁵⁾	NIM	48	61.2	0.06	45	60.8	0.06	–	–	–	93	61.0	0.06	85
	BKM	22	58.5	0.07	19	58.5	0.07	71	62.2	0.12	111	60.9	0.10	85
	MM	392	62.1	0.06	213	62.2	0.06	373	61.1	0.06	978	61.7	0.06	85
BHP Billiton/ Renison JV	BKM	–	–	–	82	59.6	0.14	85	61.2	0.16	167	60.5	0.15	89
	MM	–	–	–	51	60.4	0.06	158	61.8	0.06	209	61.5	0.06	89
Yandi JV	BKM	–	–	–	–	–	–	195	59.0	0.15	195	59.0	0.15	85
	CID	834	57.9	0.04	348	57.7	0.04	239	57.3	0.04	1 421	57.8	0.04	85
Samarco JV		450	46.9	0.05	660	45.0	0.05	2 659	42.0	0.04	3 769	43.0	0.05	50

(1) The BHP Billiton Iron Ore Western Australia resources include those that support current mining operations and market grades, and also include resources to support future undefined developments. All tonnages are in wet metric tonnes, except for Samarco, which is in dry metric tonnes.

(2) Resources are divided into joint ventures, and material types that reflect the various products produced. The bedded ore material types are classified by the host Archaean or Proterozoic banded iron-formations. These are BKM – Brockman, MM – Marra Mamba and NIM – Niningarra. The CID – Channel Iron Deposit or pisolite – are Cainozoic fluvial sediments.

(3) The resource grades listed refer to in situ, iron (Fe) and phosphorus (P).

(4) The total MM resources for the Newman JV have decreased by 67 Mt from the previous 2002 reported resource due to a revision in the Fe cut-off grade used to define the resource. Other iron ore resource changes are predominantly related to production depletion.

(5) Whilst 85 per cent is shown as the 'BHP Billiton Interest' for Area C, POSCO (a Korean steelmaker) has a 20 per cent legal interest in the C deposit of Area C. In substance, the Group retains virtually all of this interest and this disclosure and the financial statements are prepared on this basis.

(6) Competent Persons

Newman JV: M Kneeshaw (FAusIMM) and C Handley (MAusIMM)

Jimblebar: M Kneeshaw (FAusIMM) and C Handley (MAusIMM)

Mt Goldsworthy JV, Northern Areas: D Podmore (MAusIMM)

Mt Goldsworthy JV Area C: M Kneeshaw (FAusIMM)

BHP Billiton/Renison JV: M Kneeshaw (FAusIMM)

Yandi JV: C Handley (MAusIMM) and M Kneeshaw (FAusIMM)

Samarco JV: J Tizon (MAusIMM).

Carbon Steel Materials Customer Sector Group continued**Manganese Mineral Resources**

Commodity Deposit	Measured Resources			Indicated Resources			Inferred Resources			Total Resources			BHP Billiton Interest %
	Tonnes (millions dmt)	Grade %Mn	Grade %Fe	Tonnes (millions dmt)	Grade %Mn	Grade %Fe	Tonnes (millions dmt)	Grade %Mn	Grade %Fe	Tonnes (millions dmt)	Grade %Mn	Grade %Fe	
Manganese (1)(2)													
Wessels	6.9	48.0	—	30.0	48.2	—	—	—	—	36.9	48.2	—	60
Mamatwan	20.2	38.7	4.8	6.5	38.0	4.7	2.7	37.4	4.7	29.4	38.4	4.7	60
GEMCO (3)	54.0	48.1	—	58.1	47.6	—	92.5	47.0	—	205	47.4	—	60

(1) Competent Persons

Wessels: E P Ferreira (SACNASP)

Mamatwan: O van Antwerpen (SACNASP)

GEMCO: E Swindell (SACNASP).

(2) The total Mamatwan manganese resource has decreased by 27.1 Mt from the previous 2002 resource base due to additional exploration drilling and a re-estimate of the resource at a higher Mn cut-off. Reduction in the Wessels and GEMCO total resources are primarily due to production depletion.

(3) GEMCO Mn grades are reported as washed sample grades and as such reflect a mineral product grade.

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Carbon Steel Materials Customer Sector Group continued

Metallurgical Coal Resources ⁽¹⁾⁽⁷⁾⁽⁸⁾

Ownership	Deposit	Mining Method ⁽²⁾	Coal ⁽³⁾ Type	Tonnes (millions) ⁽⁵⁾	Measured ⁽⁴⁾ Calorific Value ⁽⁶⁾ (Kcal/kg)	Volatile Matter ⁽⁶⁾ %
Queensland Coal Resources at operating mines CQCA JV	Goonyella	OC/UG	Met	599	–	23.7
	Peak Downs	OC/UG	Met	905	–	20.4
	Saraji	OC/UG	Met	360	–	18.5
	Norwich Park	OC/UG	Met	255	–	17.6
	Blackwater	OC/UG	Met/Th	227	7 515	25.8
	South Blackwater	OC/UG	Met/Th	97	7 170	–
Sub-total				2 443		
Gregory JV	Gregory Crinum	OC/UG	Met/Th	87	–	33.6
BHP Mitsui	Riverside	OC	Met	11	–	22.8
	Sth Walker Ck	OC	Met/Th	100	7 725	13.0
Sub-total				111		
Total Queensland Coal Resources at operating mines				2 641		
Queensland Coal Undeveloped Resources CQCA JV	Red Hill	UG	Met	90	–	20.9
	Daunia	OC	Met/Th	75	–	20.5
	Peak Downs East	UG	Met	–	–	–
Sub-total				165		
Gregory JV	Liskeard	OC	Met	5.6	–	34.6
BHP Mitsui	Wards Well	UG	Met	331	–	–
	Lancewood	UG	Met	–	–	–
	Bee Creek	OC	Th	–	–	–
	Nebo West	OC	Th	–	–	–
	Poitrel/Winchester	OC/UG	Met/Th	95	–	22.5
Sub-total				426		
Total Undeveloped Queensland Resources				597		
Total Queensland Coal Resources				3 238		
Illawarra Coal Resources at operating mines	Appin	UG	Met/Th	163	–	–
	West Cliff	UG	Met/Th	194	–	–
	Cordeaux	UG	Met/Th	124	–	–
	Elouera	UG	Met/Th	63	–	–
	Dendrobium	UG	Met/Th	209	–	–
Sub-total				753		
Illawarra Coal Undeveloped Resources	A248 & 442	UG	Met/Th	128	–	–
Total Illawarra Resources				881		

(1) Coal resources inclusive of coal reserves.

(2) OC = open-cut, UG = underground.

(3) Met = metallurgical coal, Th = thermal coal.

(4) Maximum borehole spacings for confidence levels are:
Measured 1000 m, Indicated 2000 m, Inferred 4000 m.

(5) All tonnages quoted are at in situ moisture content.

(6) Coal quality quoted is potential product quality on air-dried basis.

(7) **Competent Persons** Queensland Coal Resources: D Dunn (MAusIMM),
Illawarra Coal Resources: B Clark (MAusIMM).

Tonnes (millions) ⁽⁵⁾	Indicated ⁽⁴⁾		Tonnes (millions) ⁽⁵⁾	Inferred ⁽⁴⁾		Total Tonnes (millions) ⁽⁵⁾	BHP Billiton Interest %
	Calorific Value ⁽⁶⁾ (Kcal/kg)	Volatile Matter ⁽⁶⁾ %		Calorific Value ⁽⁶⁾ (Kcal/kg)	Volatile Matter ⁽⁶⁾ %		
832	—	22.1	144	—	22.1	1 575	50
617	—	20.5	182	—	21.1	1 704	50
288	—	17.9	72	—	18.1	720	50
168	—	17.4	143	—	17.4	566	50
147	7 510	25.6	318	7 460	25.2	692	50
434	7 200	—	453	7 050	—	984	50
2 486			1 312			6 241	
72		33.2	4		33	163	50
2	—	24.2	1.5	—	25.0	15	80
198	7 650	15	79	7 710	13.0	377	80
200			81			392	
2 758			1 397			6 796	
406	—	19.6	306	—	18	802	50
24	—	20.3	—	—	—	99	50
668	—	17.5	104	—	18.4	772	50
1 098			410			1 673	
—	—	—	—	—	—	5.6	50
289	—	—	—	—	—	620	80
112	—	20.6	—	—	—	112	80
55	—	14.4	5	—	13	60	80
178	6 930	7.5	—	—	—	178	80
41	—	23.6	8	—	24.5	144	80
675			13			1 114	
1 773			423			2 793	
4 531			1 820			9 588	
195	—	—	38	—	—	396	100
70	—	—	11	—	—	275	100
87	—	—	4	—	—	215	100
41	—	—	1	—	—	105	100
195	—	—	78	—	—	482	100
588			132			1 473	
231	—	—	72	—	—	431	100
819			204			1 904	

⁽⁸⁾ The CQCA JV total Coal Resources has decreased by 12 per cent from the previous 2002 base due to depletion, remodelling, reclassification and a change in the minimum seam thickness for inclusion of underground resource from 1.5m to 2.0m. The Gregory JV total Coal Resource base has decreased by 36 per cent from the previous 2002 base due to the exclusion of structurally complex coal seam areas. The BHP Mitsui JV total Coal Resource base has decreased by 19 per cent

due to changes as noted above for minimum underground mineable thickness. At Illawarra the Appin and West Cliff colliery boundaries were redefined and the mine plans revised to include the transfer of reserves from Tower mine which has closed and its Coal Resource transferred to Appin. Cordeaux mine has also been closed and part of its Coal Resources transferred to Dendrobium.

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Carbon Steel Materials Customer Sector Group continued

Ore Reserves

The tables below detail our iron ore, manganese and metallurgical coal Reserves (in metric tonnes) estimated as at 30 June 2003 in 100 per cent terms.

Iron Ore Reserves

Deposit	Ore Type ⁽⁷⁾	Proved Ore Reserve ⁽⁶⁾			Probable Ore Reserve ⁽⁶⁾			Total Ore Reserve			BHP Billiton Interest %
		Tonnes (millions)	Grade %Fe	Grade %P	Tonnes (millions)	Grade %Fe	Grade %P	Tonnes (millions)	Grade %Fe	Grade %P	
Iron Ore ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁸⁾⁽⁹⁾ Mt Newman JV	BKM	802	62.9	0.07	148	61.9	0.07	950	62.7	0.07	85
	MM	57	62.1	0.07	18	61.2	0.05	76	61.9	0.07	85
Jimblebar	BKM	175	62.0	0.07	72	61.5	0.08	247	61.8	0.07	100
Mt Goldsworthy JV Northern Areas Area C ⁽¹⁰⁾	NIM	17	63.0	0.05	4	60.7	0.04	21	62.6	0.05	85
	MM	184	62.7	0.06	19	62.8	0.06	204	62.7	0.06	85
Yandi JV	CID	485	58.3	0.04	156	58.1	0.04	641	58.3	0.04	85
Samarco		275	47.2	0.04	179	45.7	0.04	454	46.6	0.04	50

(1) The Reserves listed for each joint venture include a combination of High Grade (direct crusher feed) and Low Grade (usually requiring beneficiation). All tonnages are in wet metric tonnes, except for Samarco, which is in dry metric tonnes.

(2) The Reserve grades listed refer to head grades for iron (Fe) and phosphorus (P). Iron Ore is marketed as Lump (direct blast furnace feed) and Fines (sinter plant feed). Samarco is marketed predominantly as direct reduction and blast furnace pellets.

(3) Mining dilution and mining recovery (in general around 95 per cent) has been taken into account in the estimation of reserves for all Western Australian Iron Ore operations. For Samarco the mine recovery is 96.5 per cent (not included in the reserve estimate) of the stated diluted reserve.

(4) Metallurgical recovery is 100 per cent for all of the West Australian Iron Ores except for the low-grade part of the Mt Newman JV (350 million tonnes) where the beneficiation plant recovery is 65 per cent. For both Mt Newman JV and Jimblebar the recovery of screened low-grade lump is 70 per cent and 55 per cent, respectively. For Samarco the beneficiation plant recovery is 57 to 59 per cent.

(5) The following third party audits have been undertaken: Mt Newman JV Long-Term Mine Plan Audit including the reserve base, MRDI, 1997; Jimblebar Mine Planning Review, MineNet Consulting Mining Engineers, 2003; and Mt Goldsworthy JV Northern Areas, Long-Term Mine Plan Audit, MRDI, 1998 and Mine Planning Review, Mine Operations, MineNet Consulting Mining Engineers, 2001.

(6) Drill spacings used to classify Proved and Probable Reserves for the West Australian Iron Ore deposits are between 100m by 50m and 200m by 100m; for Samarco the drill spacings used are 50m by 50m and 150m by 100m for Proved and Probable Reserves, respectively.

(7) Ore types are BKM – Brockman, MM – Marra Mamba, NIM – Nimingarra, and CID – Channel Iron Deposit.

(8) Competent Persons

Mt Newman, Jimblebar, Mt Goldsworthy JV Area C and Yandi: P Schultz (MAusIMM)

Mt Goldsworthy JV Northern Areas: R Richardson (MAusIMM)

Samarco: J Tizon (MAusIMM).

(9) The iron ore reserves for the Mt Newman JV, Whaleback pit have decreased by 163 Mt from the previous 2002 reserve due to mining depletion and a review of drill hole spacing that resulted in the reclassification of some Indicated Resource to Inferred Resource. The Inferred Resource is not transferable to reserve. The changes to the reserve base for Yandi JV and Samarco are primarily due to mining depletion.

(10) Whilst 85 per cent is shown as the 'BHP Billiton Interest' for Area C, POSCO (a Korean steelmaker) has a 20 per cent legal interest in the C deposit of Area C. In substance, the Group retains virtually all of this interest and this disclosure and the financial statements are prepared on this basis.

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Carbon Steel Materials Customer Sector Group continued

Manganese Ore Reserves

Deposit (1)(2)(3)(4)(5)(6)	Ore Type	Proved Ore Reserve			Probable Ore Reserve			Total Ore Reserve			BHP Billiton Interest
		Tonnes (millions dmt)	Grade %Mn	Grade %Fe	Tonnes (millions dmt)	Grade %Mn	Grade %Fe	Tonnes (millions dmt)	Grade %Mn	Grade %Fe	
Manganese South Africa											
Wessels (UG)		3.1	48.0	—	13.2	48.2	—	16.3	48.2	—	60
Mamatwan (OC) ⁽⁷⁾		18.6	37.9	4.6	6.0	38.0	4.7	24.6	37.9	4.6	60
		Tonnes (millions dmt)	Grade %Mn	Grade %Yield	Tonnes (millions dmt)	Grade %Mn	Grade %Yield	Tonnes (millions dmt)	Grade %Mn	Grade %Yield	
Australia											
GEMCO (OC)	ROM	42.5	48.0	44	46.3	47.6	41	88.7	47.8	42	60

(1) Tonnages are on a dry basis. Mining dilution and recovery is included in the reserve estimate.

(2) Mining method: OC = open-cut, UG = underground.

(3) No third party reserve audits have been undertaken in the last three years.

(4) Metallurgical recovery for Wessels, Mamatwan and GEMCO will vary with required market specification.

(5) For the South African manganese deposits underground sampling and drill spacings of +/- 230m are used for Proved and Probable Reserves respectively at Wessels, while drill spacings of between 40m and 80m are used to classify Proved and Probable Reserves at Mamatwan. For GEMCO drill spacings of 60m by 120m and 120m by 120m are used for Proved and Probable Reserves, respectively.

(6) **Competent Persons**

Wessels: E P Ferreira (SACNASP)

Mamatwan: O van Antwerpen (SACNASP)

GEMCO: E Swindell (SACNASP)

(7) The Mamatwan reserve has decreased by 12.65 Mt from the 2002 base; this is due to changes in the resource base (see note 2, Manganese Mineral Resources).

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Carbon Steel Materials Customer Sector Group continued

Metallurgical Coal Reserves ⁽⁷⁾

Metallurgical Coal Reserves (1)		Mining Method (1)	Reserve (2) Tonnes (millions)	Marketable (2)			BHP Billiton Interest %
				Tonnes (millions)	Calorific Value (Kcal/kg)	Volatile Matter %	
Metallurgical Coal Reserves (3)(4)(5)(6)(9)							
Queensland Reserves at operating mines							
CQCA JV	Goonyella	OC	801	558		23.6	50
	Peak Downs	OC	996	563		20.4	50
	Saraji	OC	585	337		18.4	50
	Norwich Park	OC	107	76		16.9	50
	Blackwater	OC	349	290		25.5	50
Gregory JV	South Blackwater	OC	66	66		29.1	50
	Gregory	OC	17	14		33.7	50
	Crinum	UG	55	46		31.4	50
BHP Mitsui	Riverside	OC	6.7	4.7		23.2	80
	South Walker Ck	OC	134	96		13.1	80
Total Reserves at Queensland operating mines			3 117	2 051			
Queensland Undeveloped Coal Reserves							
CQCA JV	Daunia	OC	73	64		20.2	50
BHP Mitsui	Poitrel/Winchester	OC	79	62		22.8	80
	Nebo West	OC	22	16		7	80
Total Queensland Undeveloped Coal Reserves			174	142			
Total Queensland Coal Reserves			3 291	2 193			
Illawarra Coal Reserves at operating mines (8)							
	Appin	UG	84	78	8 122	22.7	100
	West Cliff	UG	79	72	8 239	20.8	100
	Elouera	UG	5	4	8 261	23.9	100
	Dendrobium	UG	92	63	8 267	22.9	100
Total Illawarra Coal Reserves			260	217			

(1) OC = open-cut, UG = underground.

(2) Coal Reserve (metric tonnes) is the sum of Proved and Probable Coal Reserve estimates, which include allowances for diluting materials and for losses that occur when the coal is mined and are at the moisture content when mined. Marketable Reserve (metric tonnes) are the tonnages of coal available, at specified moisture and air-dried quality, for sale after beneficiation of the Coal Reserve. Note that where the coal is not beneficiated the Coal Reserve and Marketable Reserve are the same.

(3) Coal wash plant recovery:

Queensland Coal			
Goonyella	70%	Blackwater/South Blackwater	83%
Peak Downs	56%	Gregory/Crinum	84%
Saraji	58%	Riverside	70%
Norwich Park	71%	South Walker	72%
Illawarra Coal			
Appin	89%	Elouera	74%
West Cliff	87%	Dendrobium	69%

(4) CQCA's Goonyella, Peak Downs, Saraji, Norwich Park, Blackwater mines, Gregory JV mines Gregory and Crinum mines, and BHP Mitsui Coal P/L South Walker and

Riverside mines passed audit by Runge P/L in June 2001. No third party audits have been undertaken on the Illawarra reserves in the past three years.

(5) Reserves are quoted on air-dried qualities, as this is the basis they are sold on the international market.

(6) A drill spacing of 1000m is used to classify Proved Reserves and 1000m to 2000m to classify Probable Reserves.

(7) Competent Person for Queensland Coal Reserves is B Cox (MAusIMM), and for Illawarra Coal Reserves is B Clark (MAusIMM).

(8) Cordeaux has been closed and its remaining Coal Resources are now deemed as a long-term Coal Resource for Dendrobium. Tower Colliery was closed at the end of CY2002 and the remaining Coal Reserves allocated to Appin.

(9) The Queensland operating mines recoverable and marketable Coal Reserves have increased by 37 per cent and 29 per cent respectively compared to the previous 2002 base. These increases are due to new price assumptions, pit redesigns and the replacement of South Blackwater reserves with reserves from the Kennedy area; the increases have been partially offset by depletion due to production mining. Illawarra operating mines recoverable and marketable Coal Reserves have decreased by 24 per cent and 17 per cent respectively compared to the previous 2002 base. These decreases are primarily due to the closure of the Cordeaux and Tower collieries and depletion from mine production.

Diamonds and Specialty Products Customer Sector Group**Mineral Resources**

The table below details the Mineral Resources for the Diamonds and Specialty Products Customer Sector Group as at 30 June 2003 in 100 per cent terms.

Deposit	Measured Resources		Indicated Resources		Inferred Resources		Total Resources		BHP Billiton Interest %
	Tonnes (millions dmt)	Grade Carats/tonne	Tonnes (millions dmt)	Grade Carats/tonne	Tonnes (millions dmt)	Grade Carats/tonne	Tonnes (millions dmt)	Grade Carats/tonne	
EKATI Diamond Mine									
Diamond Resources ⁽¹⁾⁽²⁾									
EKATI Core Zone	34.5	1.2	36.3	0.9	18	1.0	88.5	1.0	80.0
EKATI Buffer Zone	1.2	0.8	23.0	2.0	15	2.1	39.4	2.1	58.8

(1) Resources presented are total resources inclusive of the resources converted to Ore Reserves and those not yet converted to Ore Reserves; they are reported using a 1.0mm size cut-off and the Competent Person responsible is J Carlson (MAusIMM, NAPEGG).

(2) Diamond resources have been increased with additional drilling and remodelling; with a net gain, allowing for mining depletion, of 14 Mt.

Ore Reserves

The table below details the Ore Reserves for the Diamonds and Specialty Products Customer Sector Group as at 30 June 2003 (unless otherwise stated) in 100 per cent terms.

Deposit	Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserves		Recoverable Product ⁽¹⁾ Carats (millions)	BHP Billiton Interest %
	Tonnes (millions dmt)	Grade Carats/tonne (>2.0mm size)	Tonnes (millions dmt)	Grade Carats/tonne (>2.0mm size)	Tonnes (millions dmt)	Grade Carats/tonne (>2.0mm size)		
EKATI Diamond Mine								
Diamond Ore Reserves								
EKATI Core Zone ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	22.1	0.9	25.6	0.7	47.7	0.8	36.6	80
Titanium ⁽⁷⁾⁽⁸⁾								
		TiO ₂ slag (million tonnes)		TiO ₂ slag (million tonnes)		TiO ₂ slag (million tonnes)		
Ore Reserves								
Richards Bay Minerals		9.3		16.2		25.5		50

(1) These figures are expressed in terms of the recoverable quantity of marketable product.

(2) Search radii of 30m and 60m are used to classify Proven and Probable Reserves, respectively.

(3) Third party reserve audits have not been conducted on our reserves for purposes of this Annual Report.

(4) Diamond prices used for pit optimisations and Ore Reserves reflect current marketing conditions.

(5) The Ore Reserves have incorporated a plant conversion from 1.5mm to 2.0mm square mesh screen stone size cut-off; this has reduced the Ore Reserves by 8.3M carats. The overall reduction in total Ore Reserves due to cut-off changes, additional drilled reserves and production depletion of 10.5 Mt.

(6) The Competent Persons responsible are P Pecek (MAusIMM) and W Boggis (MAusIMM).

(7) The Competent Person responsible is J Giroux (CIM/OEQ).

(8) The Titanium Ore Reserves are as at 31 December 2002.

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Energy Coal Customer Sector Group

Energy Coal Resources ⁽³⁾⁽⁴⁾⁽⁵⁾

The table below details our Energy Coal Resources (in metric tonnes) estimated as at 30 June 2003 in 100 per cent terms.

Ownership	Deposit	Potential Mining Method ⁽¹⁾	Coal Type ⁽²⁾	Measured Tonnes (millions)	Indicated Tonnes (millions)	Inferred Tonnes (millions)	Total Tonnes (millions)	BHP Billiton Interest %
New Mexico								
Operating mines	San Juan	OC & UG	Th	241	16	–	257	100
	La Plata	OC	Th	51	–	–	51	100
	Navajo	OC	Th	250	–	–	250	100
South Africa								
Operating mines	Douglas	OC & UG	Th	310	–	–	310	84
	Khutala	OC & UG	Th	992	–	–	992	100
	Koornfontein	UG	Th	48	–	–	48	100
	Middelburg	OC	Th	440	–	–	440	84
	Optimum	OC	Th	247	208	–	455	100
	Rietspruit	OC & UG	Th	4	–	–	4	50
	ZAC	OC & UG	Anth	12	2	–	14	100
Projects	Khutala 5 seam	OC/UG	Th	–	138	–	138	100
	Klipfontein	OC	Th	93	–	–	93	100
	Leandra North	UG	Th	443	134	–	577	100
	Leandra South	UG	Th	–	474	–	474	100
	Rem Block IV	UG	Th	–	189	–	189	50
	Weltevreden	OC/UG	Th	–	418	–	418	100
	Naudesbank	OC/UG	Th	19	33	79	131	100
Undeveloped	Pegasus	OC	Th	11	–	–	11	100
	Union	OC	Th	102	–	–	102	100
Mineral leases	Miscellaneous	UG	Th	50	4 967	2 560	7 580	100
Australia								
Operating mine and project	Mt Arthur Coal	OC & UG	Th	817	2 144	519	3 480	100
Projects	Wyong	UG	Th	508	816	56	1 380	78
	Togara South	UG	Th	317	646	1 060	2 022	100
Colombia								
Operating mine	Cerrejon Coal Company	OC	Th	331	468	–	799	33.3

⁽¹⁾ OC = open-cut, UG = underground.

⁽²⁾ Th = thermal coal, Anth = Anthracite.

⁽³⁾ Competent Persons

San Juan, La Plata: R Vanvalkenburg (RPE NM)
 Navajo: D Rawson (MAusIMM)
 Khutala, Rietspruit, ZAC, Rem Block IV, Union, Mineral Leases: M A J Visser (SACNASP)
 Douglas: J H Marais (SACNASP)
 Koornfontein: C W Joubert (SACNASP)
 Middelburg: J C van der Merwe (SACNASP)
 Optimum: G J Cronje (SACNASP)
 Khutala 5 Seam, Klipfontein, Weltevreden: J L Pienaar (SACNASP)
 Leandra North, Leandra South, Pegasus, Naudesbank: C D Van Niekerk (SACNASP)
 Mt Arthur Coal: P Grey (FAusIMM)
 Wyong: K Bartlett (MAusIMM)
 Cerrejon Coal Company: C D Van Niekerk (SACNASP)
 Togara South: D Dunn (MAusIMM).

⁽⁴⁾ New Mexico Coal Resources have reduced by 25 Mt from the previous 2002 base due to mining depletion, revised coal thickness and reclassification. Middelburg mine increased its total Coal Resource by 37 Mt from the previous 2002 base; the increases were the result of remodelling following a drilling program. Optimum decreased its resource by 27 Mt following redefinition of the seam limits and remodelling following a drilling program. Other changes in South African Coal Resources are primarily due to mining depletion. The Mt Arthur Coal total Coal Resources have increased by 518 Mt over the previous 2002 resource base; this is due to the inclusion of Coal Resources that are potentially extractable by underground methods. The Cerrejon Coal Company Resource has reduced due to reclassification 67 Mt and mining depletion 27 Mt from the previous 2002 resource base.

⁽⁵⁾ New Mexico and Togara South Coal Resources are quoted on an in situ moisture basis; all other Coal Resources are on an air-dried basis.

Energy Coal Customer Sector Group continued**Energy Coal Reserves** ⁽⁷⁾⁽¹¹⁾⁽¹²⁾

The table below details the Energy Coal Reserves (in metric tonnes) estimated as at 30 June 2003.

	Deposit ⁽¹⁾	Mining Method ⁽²⁾	Coal Type ⁽³⁾	Mined Recoverable ⁽⁴⁾ Tonnes (millions)	Marketable on air-dried basis					BHP Billiton Interest %
					Tonnes (millions)	Calorific Value (Kcal/kg)	Calorific Value (Btu/lb)	Sulphur %	Total Moisture ⁽⁵⁾	
Assigned Thermal Coal Reserves New Mexico ⁽⁶⁾										
Operating mines	San Juan	OC & UG	Th	85	85	5 300	9 540	0.70	9.0	100
	La Plata ⁽⁸⁾	OC	Th	—	—	—	—	—	—	100
	Navajo	OC	Th	232	232	4 800	8 640	0.84	13.0	100
South Africa										
Operating mines	Douglas	OC & UG	Th	253	184	6 470	11 650	0.74	8.0	84
	Khutala	OC & UG	Th	371	373	4 540	8 170	0.94	8.0	100
	Koornfontein	UG	Th	23	15	6 570	11 830	0.75	7.5	100
	Middelburg	OC	Th	260	218	6 400	11 520	0.62	6.7	84
	Optimum	OC	Th	376	293	6 680	12 020	0.52	8.0	100
	ZAC	OC & UG	Anth	4.6	3	7 470	13 450	0.90	6.3	100
Australia										
Operating mine and Project	Mt Arthur Coal	OC & UG	Th	555	478	6 420	11 560	0.57	10.2	100
Colombia										
Operating mine	Cerrejon Coal Company	OC	Th	769	759	6 198	11 160	0.54	13.7	33.3
Unassigned Thermal Coal Reserves ⁽⁹⁾										
Projects	Leandra North ⁽¹⁰⁾	UG	Th	215	—	—	—	—	—	100
	Klipfontein Klipspruit	OC	Th	79.5	67.0	5 490	9 880	0.6	9.0	100
Undeveloped	Pegasus	OC	Th	10	9.0	6 570	11 830	0.54	0.80	100

(1) Third party reserve audits have been undertaken on the following operations: Bayswater, 1997–2001 Mincon volume audits; Mount Arthur North, May 2000/2001, Dr D Balydan of Geological Management Services Pty Ltd; and Cerrejon Zona Norte (section of the Cerrejon Coal Company), August 2002 and December 2001, Mr P Riley, Exploration Computer Services, Lakefield, Colorado. San Juan mine: 1) Audit of the underground resource and reserve conducted in June 2000 conducted by Skelly & Loy, Inc; and 2) Audit of the technical design, modelling and planning data for the proposed underground mine feasibility study conducted by Marston & Marston, Inc in September 2000. This review included a review of the San Juan and La Plata modelling and planning data.

(2) Mining method: OC = open-cut, UG = underground.

(3) Coal type: Th = thermal coal, Anth = Anthracite.

(4) Recoverable Coal Reserve (tonnes) is the sum of Proven and Probable Coal Reserve estimates, which includes allowances for diluting materials and for losses that occur when the coal is mined and are at the moisture content when mined. Marketable Coal Reserve (tonnes) is the tonnages of coal available, at specified moisture and air-dried quality, for sale after beneficiation of the Recoverable Coal Reserves. Note that where the coal is not beneficiated the recoverable tonnes are the marketable tonnes, with moisture adjustment where applicable.

(5) Coal moisture content is on an as received basis.

(6) Mining recovery for Navajo mine is 95 per cent; San Juan Surface mining is 95 per cent; and San Juan Underground mining is 55 per cent.

(7) Drill spacings of between 125m by 125m and up to 750m spacing are used for Energy (thermal) Coal Proven Reserves. A drill spacing of 500m to 1000m is used

for Probable Reserves at New Mexico; for the South African and Colombian sites the Probable Reserve category is not used.

(8) The reserves of La Plata Mine (1mt) were depleted during the financial year 2002/03 and the assets are currently being reclaimed and the mine closed.

(9) The unassigned, undeveloped Coal Reserves are based on feasibility studies.

(10) No market exists currently for Leandra North, therefore no marketable tonnes available.

(11) **Competent Persons:** Navajo: D Rawson (MAusIMM); San Juan, La Plata: R Vanvalkenburg (RPE NM); Optimum: G J Cronje (SACNASP); Middelburg: J C van der Merwe (SACNASP); Douglas: J H Marais (SACNASP); Koornfontein: C W Joubert (SACNASP); Khutala, ZAC: M A J Visser (SACNASP); Mt Arthur Coal: P Grey (FAusIMM); Cerrejon Coal Company, Leandra North, Pegasus: C D Van Niekerk (SACNASP); Klipfontein Klipspruit: J L Pienaar (SACNASP).

(12) The New Mexico Coal Reserves have been reduced by approximately 45Mt due to unresolved mining rights. Khutala recoverable and marketable Coal Reserves have been reduced by 96 Mt and 104 Mt respectively due to remodelling of the reserves, changes in the extraction factor and mining depletion. Other changes in the South African thermal Coal Reserves are primarily due to production depletion. The Mt Arthur Coal Recoverable and Marketable Coal Reserve have increased by 51 Mt and 37 Mt respectively; this is the net effect of reclassification of some open-cut reserves to probable underground reserves due to a more favourable profit margin and a reserve depletion due to production mining. Coal Reserves at Cerrejon Coal Company have increased by the acquisition of Patilla Norte Coal Reserves from the Colombian government.

Notes to Financial Statements continued

50 Supplementary mineral resource and ore reserves information (unaudited) continued

Stainless Steel Customer Sector Group

Stainless Steel Mineral Resources

The tables below detail Nickel and Chrome Mineral Resources (in metric tonnes) for the Stainless Steel Materials Customer Sector Group, as at the end of June 2003 in 100 per cent terms.

Commodity	Deposit	Type	Measured Resources		Indicated Resources		Inferred Resources		Total Resources		BHP Billiton Interest %
			Tonnes (millions dmt)	Grade %Ni	Tonnes (millions dmt)	Grade %Ni	Tonnes (millions dmt)	Grade %Ni	Tonnes (millions dmt)	Grade %Ni	
Nickel ⁽⁴⁾	Cerro Matoso ⁽¹⁾⁽²⁾	Laterite	41.3	1.85	15.2	1.63	1.6	1.5	58.1	1.78	99.8
Chrome ⁽⁴⁾ South Africa operating mines ⁽¹⁾⁽²⁾⁽³⁾	Western Chrome Eastern Chrome Chrome Undeveloped		%Cr ₂ O ₃		%Cr ₂ O ₃		%Cr ₂ O ₃		%Cr ₂ O ₃		60
			28	41.1	81	41.5	9	38.4	118	41.2	
			35	40.9	120	42.9	89	44.0	243	43.0	
			34	43.7	111	44.0	26	44.4	171	44.0	

(1) Resources for nickel are estimated on the basis of a 1.1 per cent nickel cut-off; chrome is based on a 38 per cent Cr₂O₃ in situ chromitite cut-off.

(2) **Competent Persons** C Rodriguez (MAusIMM) for Cerro Matoso, and C D Beater (SACNASP) for Eastern Chrome, Western Chrome and Undeveloped Chrome.

(3) Measured and Indicated Resources for chrome are inclusive of those resources that have been modified to produce Ore Reserves. Previously resources were exclusive of those modified to produce reserves.

(4) Eastern Chrome Resources have been updated with more stringent criteria applied to resource classification; the total Eastern Chrome resource has decreased by 78 Mt from the 2002 resource base. Western Chrome Resources have increased by 41 Mt. Changes to the Cerro Matoso resource are primarily due to production depletion.

Stainless Steel Ore Reserves

The table below details our Stainless Steel Materials Ore Reserves (in metric tonnes), estimated as at 30 June 2003.

Commodity	Deposit	Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserves ⁽¹⁾		BHP Billiton Interest %
		Tonnes (millions dmt)	Grade % Ni	Tonnes (millions dmt)	Grade % Ni	Tonnes (millions dmt)	Grade % Ni	
Nickel ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾ Colombia	Cerro Matoso	31.1	2.02	12.0	1.7	43.2	1.93	99.8
Chrome ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾ South Africa Operating mines	Western Chrome Eastern Chrome	%Cr ₂ O ₃		%Cr ₂ O ₃		%Cr ₂ O ₃		60
		10	36.7	15	36.7	25	36.7	
		9	37.9	28	39.9	37	39.5	

(1) Mining dilution and mining recovery are accounted for in the reserve estimates.

(2) Reserves for nickel are estimated on the basis of a 1.1 per cent nickel cut-off, chrome is based on a 38 per cent Cr₂O₃ in situ chromitite cut-off.

(3) Metallurgical recoveries for the operations are: Cerro Matoso 86 per cent nickel; Western Chrome 73 per cent chrome; and Eastern Chrome 76 per cent chrome.

(4) Reserve audits for Cerro Matoso in the last three years are: July 2000, audit undertaken MRDI (Mineral Resources Development Inc), San Mateo, California to investigate grade bias of the CMSA laboratory, on behalf of CMSA. Third party auditing has been carried out on chrome in the last year.

(5) Equivalent drill spacing of 30m for Proved Reserve, and 60m for Probable Reserve has been used for Cerro Matoso reserve classification. For the chrome mines the known (published) continuity of the chromitite layers in the Bushveld Complex allows wide-spaced drilling to delineate Proved Reserves with 300m square grid (no structural complexity).

(6) **Competent Persons:** R Argel (MAusIMM) for Cerro Matoso, and C D Beater (SACNASP) for Eastern Chrome and Western Chrome.

(7) The Western Chrome and Eastern Chrome Reserves have been updated and reported as Run of Mine (ROM) plant feed and not as saleable product as reported in previous years. This change in reporting has increased tonnage by 4.3 Mt and 17.7 Mt for Western Chrome and Eastern Chrome, respectively; chrome grades have reduced in each case. Nickel and Chrome Reserves have been depleted by mine production.

Directors' Declaration

In accordance with a resolution of the Directors of BHP Billiton Limited, the Directors declare that the financial statements and notes, set out on pages 2 to 108:

- (a) Comply with applicable Accounting Standards and the Corporations Regulations 2001; and
- (b) Give a true and fair view of the financial position of the BHP Billiton Group as at 30 June 2003 and of its performance, as represented by the results of its operations and its cash flows, for the year ended 30 June 2003; and

In the Directors' opinion:

- (a) The financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) There are reasonable grounds to believe that BHP Billiton Limited will be able to pay its debts as and when they become due and payable.

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



D R Argus – Chairman



CW Goodyear – Chief Executive Officer

Dated in Melbourne this 9th day of September 2003

Independent Audit Report

To the members of BHP Billiton Limited:

Scope

The financial report and Directors' responsibility

The financial report comprises the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, accompanying notes to the financial statements, and the Directors' Declaration for the BHP Billiton Group, comprising both BHP Billiton Limited ('the Company') and BHP Billiton Plc (and the entities they each controlled during the year), for the year ended 30 June 2003.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards in Australia and other mandatory professional reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Group's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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 BHP Billiton Group's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

PricewaterhouseCoopers

Geoffrey M Cottrell
Partner

KPMG

William J Stevens
Partner

Dated in Melbourne this 9th day of September 2003

Shareholder Information

Twenty largest shareholders as at 29 August 2003 (as named on the Register of Shareholders)

BHP Billiton Limited			BHP Billiton Plc		
	Number of fully paid shares	% of issued capital		Number of fully paid shares	% of issued capital
1 Westpac Custodian Nominees Ltd	576 536 951	15.37	1 Plc Nominees Pty Ltd	564 168 050	22.86
2 J P Morgan Nominees	534 117 665	14.24	2 Chase Nominees Limited	179 916 348	7.29
3 National Nominees Ltd	472 291 328	12.59	3 Mellon Nominees UK Limited <BSDTUSD A/C>	59 248 650	2.40
4 Citicorp Nominees Pty Ltd	177 795 398	4.74	4 HSBC Global Custody Nominee UK Limited <357206 A/C>	56 666 098	2.30
5 Australian Mutual Provident Society	106 814 215	2.85	5 Chase Nominees Limited <USRESLD A/C>	47 308 917	1.92
6 ANZ Nominees Ltd	103 934 971	2.77	6 Chase Nominees Limited <BGILIFEL A/C>	44 789 280	1.81
7 Queensland Investment Corporation	78 083 425	2.08	7 Nortrust Nominees Limited <SLEND A/C>	43 228 527	1.75
8 Commonwealth Custodial Services Ltd	55 079 558	1.47	8 Mellon Nominees UK Limited <BSDTABN A/C>	40 251 211	1.63
9 HSBC Australia Nominees Pty Ltd	36 905 969	0.98	9 The Bank of New York Nominees Limited	39 534 058	1.60
10 RBC Global Services Australia Nominees Pty Ltd	26 639 891	0.71	10 Chase Nominees Limited <PUTLEND A/C>	37 073 419	1.50
11 Government Superannuation Office <State Super Fund A/C>	16 016 784	0.43	11 Chase Nominees Limited <LEND A/C>	37 020 078	1.50
12 RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	15 893 514	0.42	12 BNY OCS Nominees Limited	35 647 269	1.44
13 Commonwealth Superannuation Board of Trustees	13 417 271	0.36	13 Prudential Client HSBC GIS Nominee UK Limited <PAC A/C>	32 159 904	1.30
14 NRMA Group	13 326 356	0.36	14 Nortrust Nominees Limited	30 720 559	1.24
15 Westpac Financial Services Ltd	13 306 408	0.35	15 State Street Nominees Limited <GB01 A/C>	27 215 484	1.10
16 RBC Global Services Australia Nominees Pty Ltd <RA A/C>	12 436 391	0.33	16 HSBC Global Custody Nominee UK Limited <899877 A/C>	25 866 147	1.05
17 Bond Street Custodians Limited	11 612 667	0.31	17 Stanlife Nominees Limited	23 022 456	0.93
18 INVIA Custodian Pty Limited	11 566 322	0.31	18 Vidacos Nominees Limited <FGN A/C>	22 867 131	0.93
19 RBC Global Services Australia Nominees Pty Ltd <MLWSIF A/C>	10 849 713	0.29	19 State Street Nominees Limited <SS01 A/C>	21 913 808	0.89
20 Victorian WorkCover Authority	9 681 790	0.26	20 Chase Nominees Limited <LENDNON A/C>	20 531 185	0.83
	2 296 306 587	61.22		1 389 148 579	56.27

Substantial shareholders

BHP Billiton Limited

The Capital Group Companies Inc, by notice dated 21 August 2002, advised that it had ceased to be a substantial shareholder.

BHP Billiton Plc

By notices provided the Company's register of substantial shareholdings showed the following interests in 3 per cent or more of the Company's shares:

	Date of notice	Ordinary shares	%
Plc Nominees Pty Ltd	21 Aug 02	540 360 860	21.89
The Capital Group of Companies	23 Jul 03	173 442 473	7.03
Old Mutual Plc ⁽¹⁾	29 Aug 03	152 656 921	6.19
Putnam Investment Management LLC & The Putnam Advisory Company LLC	19 Jun 03	99 025 431	4.01
Barclays Bank Plc	22 Jul 03	76 992 116	3.12
Franklin Resources Inc & affiliates ⁽²⁾	29 Aug 03	98 518 328	3.99
Legal & General Investment Management Ltd	14 Jun 02	75 230 880	3.05

⁽¹⁾ Old Mutual Asset Managers (South Africa) (Pty) Ltd hold 79 417 870 shares representing 3.22 per cent of the total disclosed for Old Mutual Plc group companies.

⁽²⁾ Chase Nominees Ltd holds 75 386 454 shares representing 3.05 per cent of the total disclosed for Franklin Resources Inc & affiliates.

Shareholder Information continued

Distribution of shareholders and shareholdings as at 29 August 2003

	BHP Billiton Limited				BHP Billiton Plc			
	Shareholders		Shares		Shareholders		Shares	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Registered address								
Australia	306 835	94.2	3 660 614 877	97.6	65	0.7	920 021	0.1
New Zealand	9 153	2.8	41 286 195	1.1	12	0.1	39 625	0.0
United Kingdom	5 053	1.6	23 842 034	0.6	7 382	78.5	1 878 900 868	76.1
United States	1 847	0.6	4 275 643	0.1	63	0.7	343 655	0.0
South Africa	45	0.0	111 915	0.0	1 576	16.7	580 439 695	23.5
Other	2 652	0.8	20 888 792	0.6	309	3.3	7 503 138	0.3
Total	325 585	100.0	3 751 019 456	100.0	9 407	100.0	2 468 147 002	100.0

	BHP Billiton Limited				BHP Billiton Plc			
	Shareholders		Shares (1)		Shareholders		Shares (1)	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Size of holding								
1 – 500 (2)	78 402	24.1	21 028 221	0.6	2 396	25.5	519 365	0.0
501 – 1 000	62 429	19.2	49 551 181	1.3	1 522	16.2	1 084 141	0.0
1 001 – 5 000	133 260	40.9	314 126 870	8.4	3 124	33.2	6 931 743	0.3
5 001 – 10 000	27 694	8.5	198 190 259	5.3	581	6.2	4 091 814	0.2
10 001 – 25 000	17 189	5.3	259 573 559	6.9	449	4.8	7 043 726	0.3
25 001 – 50 000	4 074	1.3	139 683 873	3.7	246	2.6	8 827 228	0.4
50 001 – 100 000	1 595	0.5	108 869 687	2.9	250	2.7	17 876 492	0.7
100 001 – 250 000	645	0.2	92 790 666	2.5	312	3.3	49 466 009	2.0
250 001 – 500 000	143	0.0	47 546 809	1.3	156	1.6	55 268 134	2.2
500 001 – 1 000 000	51	0.0	35 614 171	0.9	146	1.5	104 956 748	4.3
1 000 001 and over	103	0.0	2 484 044 160	66.2	225	2.4	2 212 081 602	89.6
Total	325 585	100.0	3 751 019 456	100.0	9 407	100.0	2 468 147 002	100.0

(1) One share entitles the shareholder to one vote.

(2) Number of BHP Billiton Limited shareholders holding less than a marketable parcel (A\$500) based on the market price of A\$10.93 as at 29 August 2003 was 7 779.

	BHP Billiton Limited				BHP Billiton Plc			
	Shareholders		Shares		Shareholders		Shares	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Classification of holder								
Corporate	45 061	13.8	2 706 836 136	72.2	3 773	40.11	2 448 969 295	99.2
Private	280 524	86.2	1 044 183 320	27.8	5 634	59.89	19 177 707	0.8
Total	325 585	100.0	3 751 019 456	100.0	9 407	100.0	2 468 147 002	100.0

Corporate Directory

BHP BILLITON LIMITED REGISTERED OFFICE

Australia

BHP Billiton Limited
BHP Billiton Centre
180 Lonsdale Street
Melbourne VIC 3000

Telephone (61 3) 9609 3333
Facsimile (61 3) 9609 3015

Company Secretary

Karen J Wood

Shareholder Services

Principal Register and Share Office
Computershare Investor Services Pty Limited
Level 12/565 Bourke Street
Melbourne VIC 3000
Australia

Postal Address – GPO Box 2975 Melbourne VIC 3001

Telephone (within Australia) 1300 656 780
(outside Australia) (61 3) 9649 5020
Facsimile (61 3) 9611 5710
Email enquiries: web.queries@computershare.com.au

New Zealand

Computershare Investor Services Limited
Level 2/159 Hurstmere Road
Takapuna North Shore City

Postal Address – Bag 92119 Auckland 1020

Telephone (64 9) 488 8777
Facsimile (64 9) 488 8787

United Kingdom

The Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Postal Address – PO Box 82 Bristol BS99 7NH

Telephone (44 870) 703 0051
Facsimile (44 870) 703 6103

United States

ADR Depository, Transfer Agent and Registrar
JPMorgan Chase Bank
Shareholder Services
PO Box 43013
Providence, RI 02940-3013
USA

Telephone (1 781) 575 4328 (outside of USA)
1 800 990 1135 (toll-free within USA)
Facsimile (1 781) 575 4082
Email: adr@jpmorgan.com

Other details provided to assist shareholders.

Germany

Trustee

Deutsche Boerse Clearing AG
Dividend-paying bank
Deutsche Bank AG

Switzerland

Trustee

SEGA Schweizerische
Effekten-Giro AG
Dividend-paying bank
UBS AG
Credit Suisse First Boston

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