BHP Billiton Limited (single parent entity)

ABN 49 004 028 077

Financial Statements - 30 June 2004

Contents

Registered Address:
180 Lonsdale Street, Melbourne, Victoria, Australia

BHP Billiton Limited (single parent entity)
Statement of financial performance
For the year ended 30 June 2004

	Notes	2004 $M	2003 $M
Revenue from ordinary activities	2	**9,940**	3,827
Expenses from ordinary activities excluding borrowing costs expense	3	**(386)**	(1,851)
Borrowing costs expense	3	**(807)**	(696)
Profit from ordinary activities before income tax expense		**8,747**	1,280
Income tax expense relating to ordinary activities	4	**(22)**	(99)
Net profit from ordinary activities after income tax expense		**8,725**	1,181
Total changes in equity other than those resulting from transactions with owners	23	**8,725**	1,181

The above statement of financial performance should be read in conjunction with the accompanying notes.

BHP Billiton Limited (single parent entity)
Statement of financial position
As at 30 June 2004

	Notes	2004 $M	2003 $M
Current assets			
Cash assets	5	**-**	1
Receivables (a)	6	**28,446**	24,004
Other assets	7	**3**	1
Total current assets		**28,449**	24,006
Non-current assets			
Receivables (a)	8	**5,614**	4,909
Other financial assets	9	**22,305**	22,308
Property, plant and equipment	10	**2**	5
Deferred tax assets	11	**369**	52
Other assets	12	**1**	2
Total non-current assets		**28,291**	27,276
Total assets		**56,740**	51,282
Current liabilities			
Payables (a)	13	**30,149**	33,263
Interest bearing liabilities	14	**1**	1
Tax liabilities	15	**20**	7
Provisions	16	**80**	651
Total current liabilities		**30,250**	33,922
Non-current liabilities			
Payables (a)	17	**325**	-
Interest bearing liabilities (a)	18	**5,971**	6,153
Deferred tax liabilities	19	**851**	-
Provisions	20	**128**	14
Total non-current liabilities		**7,275**	6,167
Total liabilities		**37,525**	40,089
Net assets		**19,215**	11,193
Equity			
Contributed equity	21	**3,335**	3,242
Reserves	22(a)	**877**	811
Retained profits	22(b)	**15,003**	7,140
Total equity	23	**19,215**	11,193

(a) The majority of these balances represent amounts which are receivable from and payable to controlled entities within 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.

The above statement of financial position should be read in conjunction with the accompanying notes.

BHP Billiton Limited (single parent entity)
Statement of cash flows
For the year ended 30 June 2004

	Notes	2004 $M	2003 $M
Cash flows from operating activities			
Receipts from customers		**135**	233
Payments in the course of operations		**(183)**	(541)
		(48)	(308)
Dividends received		**8,469**	825
Interest received		**1,328**	1,406
Borrowing costs		**(807)**	(696)
Income taxes paid		**(103)**	(32)
Net cash inflow from operating activities	35	**8,839**	1,195
Cash flows from investing activities			
Payments for property, plant and equipment		**-**	(3)
Proceeds from sale of property, plant and equipment		**3**	15
Investments in controlled entities		**(18)**	(4,585)
Proceeds from sale of controlled entities, net of the costs of transactions		**-**	1,331
Net cash inflow from investing activities		**(15)**	(3,242)
Cash flows from financing activities			
Proceeds from ordinary share issues		**102**	276
Proceeds from calls on shares and calls in arrears		**-**	18
Purchase of shares by ESOP Trust		**(41)**	-
Dividends paid		**(1,296)**	(913)
Loans to Group companies		**(8,252)**	(2,048)
Repayments of loans from Group companies		**662**	4,657
Other		**-**	(22)
Net cash outflow from financing activities		**(8,825)**	1,968
Net (decrease) increase in cash held		**(1)**	(79)
Cash at the beginning of the financial year		**-**	79
Cash at the end of the financial year	5	**(1)**	-

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

The general purpose financial report has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

Pursuant to Section 340 of the Corporations Act 2001, the Australian Securities and Investments Commission issued an order dated 2 September 2002 that granted relief from the requirement under the Act to distribute single entity financial statements to those members who request a full financial report. The order required the accounts to be available on the Company's website and to be available to members by request free of charge.

This order grants relief from the following requirements of subsection 296(1) of the Corporations Act 2001:

(i) consolidated financial statements and notes thereto;

(ii) any segment information;

(iii) any earnings per share information;

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

(v) any financial instruments information;

(vi) any note disclosures required by accounting standards in relation to those single entity financial statements that are included in a full financial report containing Combined Financial Statements.

(a) Basis of accounting

The financial report is prepared in accordance with the historical cost convention.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparatibility.

Note 1. Summary of significant accounting policies (continued)

(b) Changes in accounting policies

Employee share awards

Effective 1 July 2003, the BHP Billiton Group changed its accounting policy for employee share awards. Under the revised accounting policy, the estimated cost of share awards made by the BHP Billiton Group is charged to profit over the period from grant date to the date of expected vesting (where there are no performance hurdles) or the performance period, as appropriate. The accrued employee entitlement is recorded as an equal credit to the Employee Share Awards reserve. The estimated cost of awards is based on the market value of shares at the grant date (in the case of 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 the date of granting the award), adjusted to reflect the impact of performance conditions, where applicable. Where awards are satisfied by on-market purchases, the cost of acquiring the shares is carried in the Employee Share Awards reserve, and any difference between the cost of awards and the consideration paid to purchase shares on-market is transferred to retained earnings when the shares vest to the employees unconditionally. In addition, the assets and liabilities of Employee Share Ownership Plan (ESOP) trusts utilised by the BHP Billiton Group to hold shares for employee remuneration schemes are consolidated.

In prior years, the estimated cost of share awards was initially charged to profit and recorded as a provision using the market value of shares at the grant date. Where share awards were satisfied by on-market purchases, the cost was subsequently adjusted to the actual consideration for shares purchased.

The effects of the accounting policy change on the financial statements for the year ended 30 June 2004 are as follows:
- As at 1 July 2003, the Employee Share Awards reserve increased by $84 million representing the reclassification from provisions to retained earnings for the accrued employee entitlement on unvested share awards; and
- Retained profit decreased by $8 million representing costs no longer recognised for the excess consideration paid, since 1 July 2003, to purchase shares on market now recorded in shareholders' equity.

The cumulative impact up to the end of the prior period Statement of Financial Performance is immaterial. For comparative purposes the relevant items in the Statement of Financial Position as at 30 June 2003 have been reclassified.

The accounting policy change in respect of the consideration paid to purchase shares on-market and to include shares held by ESOP trusts in shareholders' equity better represents the nature of the transactions involved, that is, a share buy-back by the Group and a subsequent issue of shares to employees to satisfy the exercise of share awards. This also aligns the amount of expense recorded in the Statement of Financial Performance for share awards, irrespective of whether the Group satisfies awards through a new share issue or on-market purchase.

Note 1. Summary of significant accounting policies (continued)

(c) Currency of presentation

All amounts are expressed in Australian dollars unless otherwise stated.

(d) Rounding of amounts

Amounts in the financial report have been rounded off to the nearest million dollars, or in certain cases, to the nearest dollar.

(e) 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 financial statements 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 these entities.

Deferred tax is not recognised on the difference between carrying amount and fair values of non-monetary assets arising on acquisitions or purchased fixed assets which have subsequently been revalued unless there is a binding agreement to sell such an asset and the gain or loss expected to arise has been recognised.

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 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 measured at the tax rates that are expected to apply when the timing differences are expected to reverse.

Capital gains tax, if applicable, is provided for in establishing period income tax expense when an asset is sold.

Note 1. Summary of significant accounting policies (continued)

(f) Tax Consolidation Regime

During the year, BHP Billiton Limited has elected to consolidate its Australian subsidiaries under the Australian tax consolidation regime, as introduced by the Australian Federal Government.

As a consequence, and in accordance with Urgent Issues Group Abstract 52, BHP Billiton Limited recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising from its own transactions, events and balances. Entities within the tax-consolidated group enter into tax sharing and contribution agreements with BHP Billiton Limited as the head entity of the tax consolidated group. Amounts receivable or payable under a tax sharing and contribution agreement with the tax-consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under a tax sharing and contribution agreement are recognised as a component of income tax expense (revenue).

Upon initial implementation, the deferred tax balances in relation to wholly owned entities joining the tax-consolidated group are measured based on their carrying amounts. BHP Billiton Limited will compensate its wholly-owned subsidiaries for the carrying amount of their deferred tax balances at the time of forming the tax-consolidated group. The assets and liabilities arising under the tax contribution agreement are recognised as intercompany assets and/or liabilities.

(g) Foreign currency translation

Transactions denominated in foreign currencies are recorded using the exchange rate ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date 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.

(h) Revenue recognition

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 BHP Billiton Limited, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectibility is reasonably assured. This is generally when title passes.

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.

Revenue is not reduced for royalties and other taxes payable from production.

Note 1. Summary of significant accounting policies (continued)

Dividend Revenue

Revenue from distributions from controlled entities is recognised when they are declared by the controlled entities.

Interest revenue

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

Management fee revenue

Management fee revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement.

(i) 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.

(j) Cash

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(k) 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 is derived on an absorption costing basis. Cost comprises cost of purchasing raw materials and cost of production, including attributable mining and manufacturing overheads.

(l) Property, plant and equipment

Valuation in financial statements

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 10.

Note 1. Summary of significant accounting policies (continued)

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.

(m) Depreciation of property, plant and equipment

The carrying amount of property, plant and equipment (including the original capital expenditure and any subsequent capital expenditure) is depreciated to its residual value over the useful economic lives of the specific assets concerned or the life of the mine or lease, if shorter. The major categories of property, plant and equipment are depreciated on a units of production and/or straight-line basis as follows:

Category	**Useful life**	**Depreciation basis**
Land	Not depreciated	
Buildings	Up to 40 years	Straight line
Plant, machinery and equipment	Up to 30 years	Straight line
Capitalised leased assets	Up to 30 years or life of lease, whichever is shorter	Straight line
Computer systems	Up to 8 years	Straight line

(n) Investments

Investments in controlled entities are recorded at cost.

Other investments are recorded at the lower of cost and net realisable value and dividend income is recognised in the statement of financial performance on a receivable basis.

(o) Recoverable amount of non-current assets

All non-current assets 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 amount exceeds the higher of net realisable value and estimated recoverable amount. Estimated recoverable amount is determined by discounting expected future cash flows using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset.

Future cash flows are estimated based on production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), recoverable reserves, operating costs, reclamation costs and 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.

Note 1. Summary of significant accounting policies (continued)

(p) Leased assets

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

The corresponding finance lease obligation is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

Operating lease assets are not capitalised and rental payments are generally included in the Statement of Financial Performance on a straight-line basis over the lease term. Provision is made for future operating lease payments in relation to surplus lease space when it is first determined that the space will be of no probable future benefit. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the liability.

(q) Employee benefits

Provision is made in the financial statements for all employee benefits, including on-costs. In relation to industry-based long service leave funds, BHP Billiton Limited'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 provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

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.

Note 1. Summary of significant accounting policies (continued)

(r) 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 and this has created an obligation to the Group. 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 unforeseen events gives rise to a loss which is probable and reliably estimable.

The cost of unforeseen ongoing programs to prevent and control pollution and to rehabilitate the environment is charged to the Statement of Financial Performance as incurred.

(s) Use of estimates

The preparation of BHP Billiton Limited's 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.

Note 1. Summary of significant accounting policies (continued)

(t) Impact of International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, BHP Billiton Limited must comply with Australian Accounting Standards that have been revised to satisfy the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Management of IFRS implementation
BHP Billiton Limited is part of the BHP Billiton Group which has established a formal project, monitored by a steering committee, to manage the transition to IFRS reporting. Regular updates are also provided to the BHP Billiton Group Board Risk Management and Audit Committee. The implementation project consists of three phases:

Scoping and impact analysis
Project scoping and impact analysis was substantially complete by 30 June 2004 and produced a high level view of potential differences to existing accounting and reporting policies and consequential changes to information systems and business processes.

Evaluation and design phase
This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The evaluation and design phase is well advanced at 30 June 2004 and the Group will continue to evaluate the impact of IFRS through to implementation.

Implementation and review phase
The implementation and review phase has commenced and includes substantial training programs across the Group's finance staff, execution of changes to information systems and business processes and completing formal authorisation processes to approve recommended accounting policy changes. It will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, embedding of IFRS in business processes, elimination of any unnecessary data collection processes and BHP Billiton Board approval of IFRS financial statements. Implementation also involves delivery of further training to staff as revised systems begin to take effect. This phase commenced at the beginning of the 2004 calendar year and is not expected to be complete until 30 June 2005.

Note 1. Summary of significant accounting policies (continued)

Key differences in accounting policies
This financial report has been prepared in accordance with Australian accounting standards and other Australian financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Group's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS.

The Group and BHP Billiton Limited have not quantified the effects of the differences described below. The regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Australian GAAP and IFRS and their impact on the Group's financial reports in future years. The future impact of IFRS will also depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to IFRS on the Group identified to date are as follows:

- All derivative financial instruments must be recognised in the Statement of Financial Position and measured at fair value. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied. These changes may impact the manner in which the company executes risk mitigation strategies through derivatives and their consequent accounting.

- Income tax will be calculated using the 'balance sheet liability' approach, which recognises deferred tax assets and liabilities by reference to differences between the accounting and tax values of balance sheet items, rather than accounting and tax values of items recognised in profit and loss. This approach has the potential to give rise to a wider range of deferred tax assets and liabilities and an increase in the volatility of deferred tax balances brought about by foreign exchange rate movements.

- The cost of employee compensation provided in the form of equity based compensation (including shares and options) will be measured based on the fair value of those instruments, rather than their intrinsic value, and accrued over the period of employee service. This is likely to change the total amount of compensation cost and the pattern of cost recognition.

- Defined benefit plan and medical benefit plan arrangements will result in the recognition of net assets or liabilities directly based on the underlying obligations and assets of those plans. The recognised net asset or liability will be subject to changes in value that may be more volatile than changes in assets and liabilities currently recognised under Group policy. Changes in the net asset or liability of these plans will be recognised directly in profit and loss as they occur.

Note 2. Revenue from ordinary activities

	2004 $M	2003 $M
Revenue from non-operating activities		
Management fees received from controlled entities	**134**	232
Management fees	**1**	-
Interest from controlled entities	**1,323**	1,403
Interest	**5**	3
Dividends from controlled entities	**8,469**	825
Foreign currency translation gains	**5**	17
Other revenue	**-**	1
Proceeds from the sale of non current assets - non related parties	**3**	143
Proceeds from the sale of non current assets - related parties	**-**	1,203
Revenue from ordinary activities	**9,940**	3,827

Note 3. Profit from ordinary activities

	2004 $M	2003 $M
Net gains and expenses		
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:		
Net Gains		
Net gain on disposal		
Property, plant and equipment	**2**	-
Foreign exchange gains and losses		
Net foreign exchange gains included in revenue (note 2)	**5**	17
Net foreign exchange gain	**5**	17
Expenses		
Expenses from ordinary activities		
Employee benefits expense	**216**	236
External services	**105**	207
Information technology expenses	**17**	9
Net book value of non-current assets sold	**1**	1,369
Diminution in value of non-current assets	**22**	-
Depreciation expenses	**1**	9
Other expenses from ordinary activities	**24**	21
Total expenses from ordinary activities excluding borrowing costs expense	**386**	1,851
Depreciation		
Buildings	**-**	2
Plant and equipment	**1**	7
Total depreciation	**1**	9
Other charges against assets		
Write down of investments to recoverable amount	**22**	-
Borrowing costs		
Interest and finance charges paid/payable	**2**	3
Interest and finance charges paid/payable to related parties	**805**	693
Total borrowing costs	**807**	696
Net loss on disposal		
Investments	**-**	19
Property, plant and equipment	**-**	4
Material transfers to/(from) provision for		
Employee entitlements	**73**	177
Restructuring	**(36)**	3
Restoration and rehabilitation	**38**	-
Other	**(3)**	(14)
Total transfer to/(from) provisions	**72**	169
Defined benefit superannuation expense (note 30)	**5**	7

Note 3. Profit from ordinary activities (continued)

	2004 $M	2003 $M
Rental expense relating to operating leases		
Minimum lease payments	9	35
Total rental expense relating to operating leases	9	35

Significant Items

Details in respect of the Note are set out in Note 2 "Significant items" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 4. Income tax

	2004 $M	2003 $M
The income tax expenses for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	8,747	1,280
Prima facie tax calculated at 30 percent	2,624	384
Tax effect of permanent differences		
Non-deductible provisions	(14)	(4)
Rebate for dividends	(2,400)	(248)
Performance rights	(2)	-
Exempt income	(175)	-
Differences due to overseas tax rate	2	2
Non tax-effected capital gains	-	5
Withholding tax exempt	11	-
Investment and asset impairments	7	-
Other	3	1
Income tax adjusted for permanent differences	56	140
Income tax expense attributable to controlled entities	510	-
Income tax expense recovered from controlled entities (note 1f)	(510)	-
Over provision in prior year	(34)	(41)
Income tax expense	22	99

Note 5. Current assets - Cash assets

	2004 $M	2003 $M
Cash at bank and on hand	**-**	1

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

	2004 $M	2003 $M
Balances as above	**-**	1
Less: Bank overdrafts (note 14)	**1**	1
Balances as per statement of cash flows	**(1)**	-

Note 6. Current assets - Receivables

	2004 $M	2003 $M
Other receivables	**18**	22
Employee share plan loans	**2**	2
Receivable from controlled entities - income tax	**604**	-
Receivable from controlled entities - other	**27,822**	23,980
	28,446	24,004

Note 7. Current assets – Other assets

	2004 $M	2003 $M
Prepayments	**3**	1

Note 8. Non-current assets - Receivables

	2004 $M	2003 $M
Other receivables	**27**	40
Employee share plan loans	**88**	100
Receivable from controlled entities - income tax	**907**	-
Receivable from controlled entities – other	**4,592**	4,769
	5,614	4,909

Note 9. Non-current assets - Other financial assets

	2004 $M	2003 $M
Other (non-traded) investments		
Shares in controlled entities - at cost	**22,305**	22,308

Note 10. Non-current assets - Property, plant & equipment

	2004 $M	2003 $M
Land & buildings		
At cost	**1**	34
Less: Accumulated depreciation	**-**	31
	1	3
Plant & equipment		
At cost	**2**	79
Less: Accumulated depreciation	**1**	77
	1	2
Total property, plant & equipment	**2**	5

Valuations of land and buildings
The current value of land is $nil (2003: $nil), and buildings is $nil (2003: $nil).

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

Property, plant & equipment

	Land & buildings $M	Plant & equipment $M	Total $M
Carrying amount at 1 July 2003	3	2	5
Disposals	(1)	-	(1)
Depreciation expense (note 3)	-	(1)	(1)
Amounts written off	(1)	-	(1)
Carrying amount at 30 June 2004	1	1	2

Note 11. Non-current assets - Deferred tax assets

	2004 $M	2003 $M
Future income tax benefit	**369**	52

Note 12. Non-current assets – Other assets

	2004 $M	2003 $M
Other deferred costs and charges	**1**	2

Note 13. Current liabilities - Payables

	2004 $M	2003 $M
Trade creditors	**11**	5
Other payables	**30**	36
Payable to controlled entities - income tax	**635**	-
Payable to controlled entities - other	**29,473**	33,222
	30,149	33,263

Note 14. Current liabilities - Interest bearing liabilities

	2004 $M	2003 $M
Unsecured		
Bank overdraft (note 5)	**1**	1
Total unsecured current interest bearing liabilities	**1**	1

Note 15. Current liabilities - Tax liabilities

	2004 $M	2003 $M
Income tax payable	**20**	7

Note 16. Current liabilities - Provisions

	2004 $M	2003 $M
Dividends	-	445
Restructuring	4	45
Employee benefits (note 31)	57	104
Restoration and rehabilitation	16	41
Other provisions	3	16
	80	651

Movements in current provisions

Movements in each class of provision during the financial year, are set out below.

	Dividends $M	Restructuring $M	Employee benefits $M	Restoration and rehabilitation $M	Other $M	Total $M
Carrying amount at 1 July 2003	445	45	104	41	16	651
Additional/(reduced) provisions recognised	-	(36)	45	-	(3)	6
Payments/other sacrifices of economic benefits	(445)	(5)	(72)	(7)	-	(529)
Transfer to non-current provision	-	-	(20)	(18)	(10)	(48)
Carrying amount at 30 June 2004	-	4	57	16	3	80

Note 17. Non-current liabilities - Payables

	2004 $M	2003 $M
Payable to controlled entities - income tax	325	-

Note 18. Non-current liabilities - Interest bearing liabilities

	2004 $M	2003 $M
Unsecured		
Loan from controlled entities	5,971	6,153
Total unsecured non-current interest bearing liabilities	5,971	6,153

Note 19. Non-current liabilities - Deferred tax liabilities

	2004 $M	2003 $M
Provision for deferred income tax	**851**	-

Note 20. Non-current liabilities - Provisions

	2004 $M	2003 $M
Employee benefits (note 31)	**55**	7
Restoration and rehabilitation	**61**	5
Other provisions (i)	**12**	2
	128	14

(i) Other provision include Non-executive Directors retirement benefits of $2.3 million (2003: $2.4 million)

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

	Employee benefits $M	Restoration and rehabilitation $M	Other $M	Total $M
Carrying amount at 1 July 2003	7	5	2	14
Additional provisions recognised	28	38	-	66
Transfer from current provision	20	18	10	48
Carrying amount at 30 June 2004	55	61	12	128

Further details in respect of this Note are set out in Note 29 "Other provisions and liabilities (non-current)" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 21. Contributed equity

Share Capital	2004 Shares	2003 Shares	2004 $M	2003 $M
Ordinary Shares - Fully Paid	**3,759,487,555**	3,747,687,775	**3,335**	3,241
Ordinary Shares - Partly Paid to $1.40 (2003: $1.40)	**-**	240,000	**-**	-
Ordinary Shares - Partly Paid to $1.36 (2003: $1.36)	**405,000**	1,095,000	**-**	1
Issued and paid up capital	**1**	1	**-**	-
	3,759,892,556	3,749,022,776	**3,335**	3,242

Further details in respect of this Note are set out in Note 30 "Contributed equity and called up share capital" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 22. Reserves and retained profits

	2004 $M	2003 $M
(a) Reserves		
General reserve	**665**	665
Employee share awards reserve	**150**	84
Asset realisation reserve	**62**	62
	877	811
Movements:		
General reserve		
Balance 1 July 2003	**665**	627
BHP Steel (now Bluescope Steel) demerger	**-**	38
Balance 30 June 2004	**665**	665
Employee share awards reserve		
Balance 1 July 2003	**84**	-
Accrued employee entitlements for unvested awards	**99**	-
Vesting of employee share awards	**(33)**	-
Reclassification resulting from change in accounting policy (note 1b)	**-**	84
Balance 30 June 2004	**150**	84

	2004 $M	2003 $M
(b) Retained profits		
Retained profits at the beginning of the financial year	**7,140**	6,872
Net profit attributable to members of BHP Billiton Limited (single parent entity)	**8,725**	1,181
Dividends provided for or paid (note 24)	**(854)**	(913)
Vesting of employee share awards	**(8)**	-
Retained profits at the end of the financial year	**15,003**	7,140

The employee share awards reserve was created as a result of the change in accounting policy regarding employee share awards (note 1b).

Note 23. Equity

	2004 $M	2003 $M
Total equity at the beginning of the financial year	**11,193**	13,199
Total changes in equity recognised in the statement of financial performance other than transactions with owners	**8,725**	1,181
Transactions with owners as owners:		
Contributions of equity, net of transaction costs (note 21)	**93**	173
Dividends provided for or paid (note 24)	**(854)**	(913)
Capital reduction BHP Steel (now Bluescope Steel) demerger	**-**	(2,531)
Accrued employee entitlement to share awards	**99**	84
Purchase of shares made by ESOP trusts	**(41)**	-
Total equity at the end of the financial year	**19,215**	11,193

Further details in respect of this Note are set out in Note 1 "Statement of accounting policies" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 24. Dividends

	2004 $M	2003 $M
Dividends declared	**-**	445
Dividends paid	**854**	468
Total dividends provided for or paid	**854**	913

Further details in respect of this Note are set out in Note 11 "Dividends" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 25. Remuneration of directors and executive officers

Details in respect of this Note are set out in Note 42 "Directors and executive disclosures" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 26. Retirement benefits of directors

Details in respect of this Note are set out in Note 42 "Directors and executive disclosures" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 27. Remuneration of auditors

The audit fee payable in respect of the audit of the BHP Billiton Limited (single parent entity) financial statements was a nominal amount. Details of fees for the Group as a whole are set out in Note 8 "Other profit and loss items" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 28. Contingent liabilities

	2004	2003
	$M	$M
Contingent liabilities at balance date, not otherwise provided for in these accounts, are categorised as arising from:		
Controlled entities - unsecured	**12,726**	12,342
Other unrelated parties	**673**	745
	13,399	13,087

Further details in respect of this Note are set out in Note 39 "Contingent liabilities" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 29. Commitments for expenditure

	2004	2003
	$M	$M
Lease commitments		
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**39**	32
Later than one year but not later than 5 years	**38**	54
Commitments not recognised in the financial statements	**77**	86

Note 30. Superannuation commitments

Details in respect of this note are set out in Note 41 "Superannuation, pension and post retirement medical benefits" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 31. Employee benefits

	2004	2003
	$M	$M
Employee benefit and related on-costs liabilities		
Provision for employee benefits - current (note 16)	**57**	104
Provision for employee benefits - non-current (note 20)	**55**	7
Aggregate employee benefit and related on-costs liabilities	**112**	111

	Number	Number
Employee numbers		
Number of employees at the reporting date	**371**	476

Note 32. Related parties

(a) Directors and Director-related entities

Disclosures related to Directors and Director-related entities are set out in Note 42 "Directors and executive disclosures" of the Combined Financial Statement for the year ended 30 June 2004 for BHP Billiton Limited.

(b) Controlled entities

Information relating to controlled entities are contained in the following notes:
Note 2: Revenue from ordinary activities
Note 3: Profit from ordinary activities
Note 6: Current assets - Receivables
Note 8: Non-current assets - Receivables
Note 9: Non-current assets - Other financial assets
Note 13: Current liabilities - Payables
Note 18: Non-current liabilities - Interest bearing liabilities
Note 28: Contingent liabilities

Further disclosures related to controlled entities are set out in Note 45 "Major Controlled Entities" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

(c) BHP Billiton Plc

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. For an explanation of the DLC arrangements, refer to "Dual Listed Companies Structure and Basis of Preparation of Financial Statements" in the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 33. Employee ownership plans

Details in respect of this Note are set out in Note 31 "Employee share ownership plans" of the Combined Financial Statements for the year ended 30 June 2004 of BHP Billiton Limited.

Note 34. Events occurring after reporting date

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the company.

Note 35. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	2004 $M	2003 $M
Profit from ordinary activities after income tax	**8,725**	1,181
Depreciation and amortisation	**1**	9
Net unrealised foreign exchange gains	**(6)**	-
Net (gain)/loss on sale of property, plant and equipment	**(2)**	4
Net loss on sale of investments	**-**	19
Diminution of investments	**22**	-
Employee share awards	**99**	-
Change in operating assets and liabilities		
Decrease in sundry and other receivables	**17**	55
(Increase)/decrease in future income tax benefit	**(48)**	146
(Increase)/decrease in prepayments and deferred charges	**(1)**	1
Increase/(decrease) in trade creditors	**6**	(4)
Decrease in sundry and other payables	**(7)**	(107)
Increase/(decrease) in provision for income taxes payable	**44**	(89)
Decrease in other provisions and liabilities	**(11)**	(24)
Other movements	**-**	4
Net cash inflow from operating activities	**8,839**	1,195

Note 36. Non-cash financing and investing activities

	2004 $M	2003 $M
Employee Share Plan loan instalments	**3**	4

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

Note 37. Financing facilities

	2004 $M	2003 $M
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount used	**-**	1
Amount unused	**10**	9
Total facility available	**10**	10

BHP Billiton Limited (single parent entity)
Directors' declaration
30 June 2004

As disclosed in Note 1 'Basis of accounting', the Directors have prepared this financial report in accordance with the Australian Securities and Investment Commission order dated 2 September 2002, which granted relief from specific requirements of subsection 296(1) of the Corporations Act 2001.

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 28:

(a) Comply with applicable Accounting Standards and Corporations Regulations 2001; and

(b) Give a true and fair view of the financial position of BHP Billiton Limited as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

In the Directors' opinion:

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

(b) There are reasonable grounds to believe that BHP Billiton Limited will be able to pay its debts as and when they become due and payable.

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

D R Argus
Director

C W Goodyear
Director

Melbourne
1st September 2004

KPMG

Independent audit report to 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 BHP Billiton Limited (the "Company"), for the year ended 30 June 2004.

As disclosed in Note 1 'Summary of significant accounting policies', the directors have prepared this financial report in accordance with the Australian Securities and Investments Commission order dated 2 September 2002, which granted relief from specific requirements of subsection 296(1) of the Corporations Act 2001.

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 opinions 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 and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its 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 financial position as at 30 June 2004 and of its 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 financial reporting requirements in Australia.

KPMG

KPMG

William J. Stevens
Partner

Melbourne
1 September 2004