BHP BILLITON LTD
Form 6-K
August 24, 2001

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2001

PART A: BHP BILLITON NEWS RELEASE

The attached material contains the preliminary (unaudited) results for the year ended 30 June 2001 for BHP Billiton.

Given the date on which the merger between BHP and Billiton was completed (29 June 2001) and the differing reporting requirements in Australia and the UK, the financial information for this first year has been prepared in three ways:

- for the BHP Billiton Limited Group as a stand alone group
- for the BHP Billiton Plc Group as if a stand alone group; and
- for the BHP Billiton Limited and BHP Billiton Plc groups combined.

This pack of material contains 5 parts:

Part A News Release (containing CEO and Managing Director's comments).

Part B Explanation of the structure of the Preliminary Report including summary of key financial information.

Part C Results for the BHP Billiton Limited and BHP Billiton Plc groups combined.

Prepared using the merger method of accounting as though BHP Billiton Limited and BHP Billiton Plc had been merged for the whole of the period.

Part D Results for the BHP Billiton Limited Group.

Prepared for the BHP Billiton Limited Group as a stand alone group and compares the results with the previous year. This is the release that shareholders of BHP Limited will be familiar with from prior years.

Part E Pro forma results for the BHP Billiton Plc Group.

Prepared for the BHP Billiton Plc Group as if it had been a stand alone group.

Users are encouraged to read Part B, which provides further detail on the method of reporting that has been adopted.

Karen J Wood

Company Secretary

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The BHP Billiton Group is headquartered in Australia

News Release

Release Time: IMMEDIATE

Date: 20 August 2001

Number: 10/01

BHP BILLITON ANNOUNCES RECORD COMBINED RESULT OF US$2.2 BILLION

The BHP Billiton Group (BHP Billiton) today announced a record combined attributable profit of US$2,189 million, excluding exceptional items, for the 12 months to 30 June 2001. Earnings

per share, excluding exceptional items, for the year was US$0.37, compared with US$0.30 for the previous year.

The result represents the combined attributable profit of BHP Billiton Limited and BHP Billiton Plc and is an increase of US$446 million, or 26 per cent, compared with the 2000 financial year combined results.

BHP Billiton CEO and Managing Director Paul Anderson said: "This is an outstanding result that demonstrates BHP Billiton's financial strength, earnings capability across a wide range of world-class businesses and underlying balance sheet strength."

Including exceptional items, the result for the 12 months ended 30 June 2001 was US$1,529 million, an improvement of US$23 million compared with the 2000 financial year. The result includes transaction costs associated with the merger of US$92 million, a US$410 million charge to profit related to HBI Venezuela and a US$148 million charge to profit for the write-off of BHP Billiton's share of the net assets in the Ok Tedi copper project (Papua New Guinea).

Mr Anderson said both sides of the BHP Billiton Group had delivered record financial results

(on a pre-merger basis) and made significant progress in delivering value-adding growth.

BHP Billiton Limited

"BHP Billiton Limited's record result of A$2 billion was achieved despite charges to profit associated with our decision to cease further investment in HBI Venezuela and the write-down at Ok Tedi. Attributable net profit was up 27 per cent on last year, which was also a record result.

"We also improved the fundamental financial performance of the Company and excellent progress was made in reinvigorating the quality of the portfolio. The fix-up, clean-up stage was all but complete last year and we made a number of hard portfolio decisions.

"In addition, we successfully completed two other major transactions; the spin-out of OneSteel and the joint acquisition of QCT Resources with Mitsubishi - and subsequent equalisation of ownership interests in the metallurgical coal business.

"Quite apart from the merger with Billiton, we committed to a number of important new growth projects including Escondida Phase IV (Copper, Chile), North West Shelf Train 4 (LNG, Australia), the Ohanet (Gas/Liquids) development in Algeria, San Juan underground (Coal, United States), Tintaya Oxide (Copper, Peru), the Blackwater mine integration (Coal, Australia), and Laminaria Phase II (Oil, Australia). Total commitment for these projects was about A$3 billion (US$1.5 billion). Over two thirds of the funds committed were to extensions of existing projects, thereby providing low-risk, higher value incremental growth.

"Operationally, we achieved a number of important milestones during the year. Production and shipment records were set in our iron ore business, metallurgical coal production was significantly higher during the period, we commenced contractual gas sales from the Extended Well Test on the Zamzama gas field (Pakistan), and the Typhoon oil field development in the deepwater Gulf of Mexico was brought into production less than 18 months from project sanctioning and under budget."

BHP Billiton Plc

Mr Anderson said BHP Billiton Plc also had an outstanding year in financial, operational and growth terms. Excluding exceptional items, operating profit increased 33 per cent to a record US$1.12 billion and attributable profit increased 22 per cent to a record US$693 million.

"BHP Billiton Plc continued its strategy of aggressive growth during the year, with the US$1.2 billion acquisition of Rio Algom and a 56 per cent increase in its ownership of Worsley Alumina (Western Australia), consolidating BHP Billiton Plc's global position at the bottom of the alumina cost curve, while securing feedstock for the Mozal (Aluminium, Mozambique) and Hillside (Aluminium, South Africa) operations.

"During the year BHP Billiton Plc also successfully completed construction and commissioning at the Mozal aluminium smelter, the Cerro Matoso (Colombia) nickel expansion, and achieved mechanical completion at the Antamina copper project (Peru) and the Worsley refinery expansion. All were completed ahead of schedule and under budget, with the production and revenue stream now flowing through to BHP Billiton shareholders.

"In addition, BHP Billiton Plc established a substantial production base in energy coal though the acquisition of equity positions in Carbones del Cerrejon and Cerrejon Zona Norte (Colombia), providing the Group with access to energy coal resources on three continents; Australia, South America and South Africa.

"BHP Billiton Plc continued to improve its operational efficiency during the year. Excluding the beneficial impact of exchange rates and commodity price-linked cost movements, unit operating costs were reduced by two per cent in real terms," Mr Anderson said.

Group Result

"Individually both companies have a great story - put them together and it's even better. We set out to create an industry leader. A new Group that would have the strength of a diversified portfolio of outstanding assets, tremendous financial flexibility and enhanced opportunities for growth, through a powerful inventory of projects.

"That was the vision. This vision is given real substance in the inaugural result.

"On a pre-exceptionals basis, the BHP Billiton Group generated EBITDA of US$5.3 billion. In balance sheet terms, gearing was 38 per cent the and pre-exceptional EBITDA interest cover ratio was 11.1 times. Even with over US$1 billion in exceptional items, the EBITDA interest cover ratio was 8.8 times.

"The Group spent US$6 billion on acquisitions and new project developments during the last financial year. The full financial benefits of this investment will be realised by shareholders over the coming years.

"The BHP Billiton Group has an impressive base of cash generating assets; with a long pipeline of growth projects and a sufficiently flexible and strong balance sheet to fund both internally generated and other identified opportunities."

Integration

Commenting on the integration, Mr Anderson said progress had exceeded expectations.

"The planning and execution of the integration has been thoroughly planned and executed in a professional way. Our new management teams and structure have been in place since day one of the merger completion, enabling us to maintain the momentum that has been such a key driver of the performance over the past year.

"Since the merger was announced, we have committed to the Mozal 2 expansion and to the development of the Mount Arthur North energy coal mine (Australia). We have also completed the acquisition of

Dia Met (Diamonds, Canada), finalised the Queensland metallurgical coal equalisation and announced the sell-down of our interest in the Columbus Stainless Steel Joint Venture (South Africa).

"Probably the most powerful achievement of the integration teams was to initiate new and innovative thinking about how we create value across our businesses. The merger presented a unique opportunity to do this; it delivered a distinctive new combination of assets, with a global footprint in virtually every significant resource commodity, across the world's key mining regions and across the key customer bases for those products."

Mr Anderson said strong EBIT contributions were recorded from the Customer Sector Groups (excluding exceptional items), with Carbon Steel Materials (up US$356 million or 66 per cent), Petroleum (up US$346 million or 33 per cent) and Energy Coal (up US$245 million or179 per cent) being the standout performers.

"The Customer Sector Groups (CSGs) will have significant autonomy to manage and grow their businesses within a centralised capital deployment discipline. They will be as outwardly focussed on their markets and customers, as on the efficient management of the assets themselves.

"Each of the CSGs is currently reviewing its portfolio, developing its strategy and business plan, and establishing detailed plans to deliver the merger benefits."

Steel Public Listing

The public listing of BHP Billiton Limited's remaining Steel business is on track for completion by the end of FY2002. Progress to date has been significant and includes the agreement of key objectives and establishment of project teams. A selection process is also currently underway for the Chairman and a number of key senior appointments, including the Board and management, are anticipated in coming months.

Outlook

Commenting on the global commodity outlook, Mr Anderson said: "While we may be less than happy with the current prices of copper or nickel, we take some comfort that our overall portfolio provides diversification markedly superior to most companies in the resources sector.

"This diversification enables us to have a much stronger and more stable cash flow stream; to be able to be more opportunistic during stages of the market cycle where opportunities are appropriately valued; and to have a level of dispassion about the longevity of individual assets in the portfolio which a smaller player would find difficult.

"We have a powerful combination of exchange traded commodities (aluminium, copper and nickel) and, just as importantly, a broad spread of negotiated, non-terminal commodities such as metallurgical and energy coal, manganese and iron ore. Our positions in titanium minerals and diamonds, while not large businesses in their own right, provide us with further diversification.

"There are also other factors which differentiate the BHP Billiton portfolio. Of particular significance is the inclusion of oil and gas, which makes the Group unique from its diversified peers.

"We have clearly stated that the Petroleum business is a key part of the portfolio. Its high quality assets, strong financial performance, significant earnings contribution and growth potential make Petroleum an important part of the BHP Billiton Group.

"In addition, we have flagged our strategic intent to develop an energy capability, encompassing our energy coal, liquids and potentially expanded LNG presence."

Future Activities

Mr Anderson said: "In this current financial year you will see BHP Billiton gather even greater momentum; an unfolding of our strategic direction; commitment to further growth projects;

and a willingness and capability to participate in industry consolidation as appropriate value opportunities present themselves.

"The momentum of the two teams and a shared vision of value creation brought us together in the merger. Now the combined BHP Billiton Group is far greater than the sum of its previous parts and we look forward to delivering continued outstanding performance."

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BHP Billiton is a world leading diversified resources Group and creates value through the discovery, development and conversion of natural resources and the provision of innovative customer and market-focused solutions. The Group is a Dual Listed Company, comprised of BHP Billiton Limited and BHP Billiton Plc, and is headquartered in Australia.

Further information about the BHP Billiton Group can be found at: http://www.bhpbilliton.com **or contact:**

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BHP BILLITON

PRELIMINARY RESULTS

FOR THE YEAR ENDED 30 JUNE 2001

PART B

SUMMARY OF RESULTS:

Explanation of Structure of the Preliminary Results Report

Summary Key Financial Information

BHP BILLITON

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2001

PART B

BHP BILLITON GROUP RESULTS

Explanation of the structure of the Preliminary Results Report

On 29 June 2001, BHP Billiton Ltd (previously known as BHP Ltd) and BHP Billiton Plc (previously known as Billiton Plc) 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 Ltd and its subsidiaries and BHP Billiton Plc and its subsidiaries operate together as a single economic entity, with each company's shareholders having common economic interests in both groups. However, the DLC merger did not involve the change of legal ownership of any assets of BHP Billiton Ltd or BHP Billiton Plc or any change of ownership of any existing shares or securities of BHP Billiton Ltd or BHP Billiton Plc and each continue as separate, publicly quoted companies bound by reporting and other regulations in Australia and the UK respectively.

Throughout the preliminary results report, "BHP Billiton Group", "BHP Billiton" or "Group" refers to the combined group comprising BHP Billiton Limited and its subsidiaries, together with BHP Billiton Plc and its subsidiaries.

Since reporting requirements differ in the Australian and UK jurisdictions and in view of the proximity of the implementation of the DLC merger to the financial year end, the financial information in this preliminary announcement, which is unaudited, is presented on three different bases as follows.

- *Part C: BHP Billiton Group Results*

  In this Part of the preliminary announcement, the financial information has been prepared under UK GAAP and is presented in US dollars.

  It is prepared as though the BHP Billiton Ltd Group and the BHP Billiton Plc Group have always been combined using the merger method of accounting.

  This is the basis of preparation that will be used in preparing the consolidated accounts of BHP Billiton Plc to be included in its Annual Report.

- *Part D: BHP Billiton Ltd Group Results*

In this Part of the preliminary announcement, the financial information has been prepared under Australian GAAP and is presented in Australian dollars. It is presented in 2001 on the basis that the consummation of the DLC merger on 29 June 2001 had no effect on the financial results of the BHP Billiton Ltd Group except that merger related costs have been recognised and certain accounting policies have changed to align where possible with the policies of BHP Billiton Plc.

The financial information does not include the results, assets and liabilities or cash flows of the BHP Billiton Plc Group.

This is consistent with the basis of preparation of the consolidated financial statements of BHP Billiton Ltd to be reported in its Annual Report. In addition, the financial statements will include this year a note setting out details of the DLC merger and a pro forma Statement of Financial Position combining those of the BHP Billiton Ltd and BHP Billiton Plc Groups, each being prepared in accordance with Australian GAAP.

- *Part E: BHP Billiton Plc Group Pro forma Results*

In this Part of the preliminary announcement, the financial information has been prepared under UK GAAP (except that it does not reflect the DLC merger) and is presented in US dollars. It is presented on the basis that the consummation of the DLC merger had no effect on the financial information of the BHP Billiton Plc Group for 2001 except that merger related costs have been recognised and certain accounting policies have changed to align where possible with the policies of BHP Billiton Ltd.

The financial information does not include the results, assets and liabilities or cash flows of the BHP Billiton Limited Group.

This information is pro forma information and will not appear in the statutory accounts of any entity. It is provided to enable users to understand the results of the BHP Billiton Plc Group as they have previously been presented solely in view of the proximity of the implementation of the DLC merger to the financial year end.

This is the last time that financial information will be presented for the BHP Billiton Plc Group standalone.

Summary Key Financial Information

BHP Billiton Group Results

US$m	2001	2000	Change %
Turnover	19,079	18,402	3.7
EBITDA			
- excluding exceptional items	5,299	4,775	11.0
- including exceptional items	4,211	4,015	4.9

EBIT			
- excluding exceptional items	3,627	3,027	19.8
- including exceptional items	2,539	2,267	12.0
Attributable profit			
- excluding exceptional items	2,189	1,743	25.6
- including exceptional items	1,529	1,506	1.5
Basic earnings per share (cents)			
- excluding exceptional items	36.8	30.4	21.1
- including exceptional items	25.7	26.3	(2.3)
Net operating assets	21,468	19,711	8.9

BHP Billiton Limited Group Results

A$m	2001	2000	Change %
Sales revenue	20,698	19,872	4.2
EBITDA	5,530	4,404	25.6
EBIT	2,575	1,600	60.9
Attributable net profit	2,007	1,581	26.9
Basic earnings per share (cents)	54.4	43.3	25.6
(adjusted for bonus issue)			
Net assets	11,248	11,005	2.2

BHP Billiton Plc Group Pro Forma Results

US$m	2001	2000	Change %
Turnover	7,333	5,550	32.1
EBITDA			
- excluding exceptional items	1,646	1,236	33.2
- including exceptional items	1,463	1,236	18.4
EBIT			
- excluding exceptional items	1,138	851	33.7
- including exceptional items	955	851	

			12.2
Attributable profit			
- excluding exceptional items	693	566	22.4
- including exceptional items	565	566	-
Basic earnings per share (cents)			
- excluding exceptional items	30.7	27.3	12.5
- including exceptional items	25.1	27.3	(8.1)
Net operating assets	11,263	7,169	57.1

BHP BILLITON

PRELIMINARY RESULTS

FOR THE YEAR ENDED 30 JUNE 2001

PART C

BHP BILLITON GROUP RESULTS

BHP BILLITON

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2001

PART C

BHP BILLITON GROUP RESULTS

Part C1: Operating and Financial Review

Highlights

- Attributable profit, excluding exceptional items, for 2001 of US$2,189 million, an increase of 26% from the previous year (2000 - US$1,743 million).
- Attributable profit, including exceptional items, of US$1,529 million (2000 - US$1,506 million).
- Higher received prices, higher production and generally favourable exchange rate movements were the principal factors influencing the improved result.
- Strong EBIT contributions, excluding exceptional items, from Carbon Steel Materials (+US$356m +66%), Petroleum (+US$346m +33%), Energy Coal (+US$245m +179%) and Aluminium (+US$85m +19%) partly offset by lower contributions from Steel (-US$132m -33%) and Stainless Steel Materials (-US$126m -62%).
- Growth projects successfully commissioned: Aluminium - Mozal 1 and Worsley expansion; Base Metals - Antamina; Stainless Steel Materials - Cerro Matoso 2 and Yabulu.
- Commitment of approximately US$2.1 billion capital expenditure on new growth projects.
- Portfolio restructuring: equalisation of Queensland metallurgical coal interests; cessation of investment in HBI Venezuela; progress in agreeing terms to exit the Ok Tedi copper mine, (Papua New Guinea); reduction of equity in Ohanet liquids/gas field (Algeria) and sale of interest in Buffalo oil field; announcement of intention to spin-out BHP Billiton Ltd's remaining Steel assets.
- Good progress on merger integration with an organisational structure established, senior appointments made and governance structures in place. Restructuring costs committed at year end amounted to US$42 million.
- Sound financial leverage ratios - EBITDA interest cover (excluding exceptional items) of 11.1x, gearing of 38.4%.

BHP Billiton Group Financial Strength

The financial results for the year ended 30 June 2001 for the BHP Billiton Group demonstrate the financial strength of the new merged group, exemplified by strong cash flow generation, earnings capability across a range of world-class business operations and underlying balance sheet strength.

The accompanying table provides the key financial information for the BHP Billiton Group as at 30 June 2001, comparative with the corresponding period.

Year ended 30 June US$m	2001	2000	% Change
Group turnover (a)	19,079	18,402	3.7
EBITDA			
- excluding exceptional items	5,299	4,775	11.0
- including exceptional items	4,211	4,015	4.9
EBIT			
- excluding exceptional items	3,627	3,027	19.8
- including exceptional items	2,539	2,267	12.0
Attributable profit			
- excluding exceptional items	2,189	1,743	25.6
- including exceptional items	1,529	1,506	1.5

Basic earnings per share (cents)			
- excluding exceptional items	36.8	30.4	21.1
- including exceptional items	25.7	26.3	(2.3)
Net operating assets	21,468	19,711	8.9
EBITDA interest cover (excluding exceptional items) (b)	11.1 x	9.1 x	22.0
Gearing	38.4%	34.2%	12.3
(net debt/[net debt + net assets])			
Debt to equity ratio (net debt/attributable net assets)	64.6%	55.2%	17.0

a. Including share of joint ventures and associates.

b. For this purpose, interest includes capitalised interest and excludes the effect of discounting on provisions.

The attributable profit of US$1,529 million was influenced by a number of exceptional items, which in aggregate reduced profit before taxation by US$1,094 million and attributable profit by US$660 million.

The major items before taxation and equity minority interests included:

- a charge to profit of US$520 million associated with the write-off of BHP Billiton's equity investment in HBI Venezuela and the establishment of provisions for related financial obligations to banks and other associated costs;
- a charge to profit of US$430 million from the write-off of the Ok Tedi copper mine;
- a US$114 million reduction in the carrying value of the Columbus Stainless Steel Joint Venture following conditional agreement to sell down the Group's interest;
- a charge to profit of US$92 million related to merger transaction costs; and
- a charge to profit of US$64 million related to organisational restructuring costs and provisions mainly related to the merger.

These items are partially offset by the following:

- a US$128 million profit from sale of interests in the Central Queensland Coal Associates (CQCA) and Gregory Joint Ventures to Mitsubishi; and
- a US$61 million profit from the sale of expansion rights at Mozal.

Excluding exceptional items, attributable profit increased by US$446 million or 25.6% from US$1,743 million to US$2,189 million.

Net interest and similar items payable decreased from US$489 million to US$476 million.

Customer Sector Group Financial Results

The following table provides a summary of the Customer Sector Group financial results for the year ended 30 June 2001. A detailed explanation of the factors influencing the performance of the Customer Sector Groups is included below on pages 12 to pages 19.

Year ended 30 June 2001 (US$ million)	Turnover	EBIT (excluding exceptional items)	Net operating assets
Aluminium	2,971	523	4,730
Base Metals	2,231	485	3,834
Carbon Steel Materials	3,369	894	2,289
Stainless Steel Materials	838	79	1,598
Energy Coal	1,982	382	1,986
Petroleum	3,361	1,407	2,504
Steel	3,760	270	1,965
Exploration, Technology & New Business	251	6	869
Other activities	1,251	120	817
Group & Unallocated Items	(351)	(539)	876
Inter-segment	(584)	-	-
BHP Billiton Group	19,079	3,627	21,468

Taxation

The tax charge for the year was US$811 million and includes US$33 million following the decision of the High Court (Australia) on 10 August 2001 regarding non-deductibility of financing costs. This represents an effective taxation rate of 39.3%, compared to 14.1% for the previous year.

The effective rate was higher than the nominal underlying tax rates due to exceptional and one-off items in the year. Excluding exceptional items, the effective tax rate for the year was 29.9%.

Investing Cash Flows

Investing activities, including exploration, for the year totalled US$6.1 billion (excluding debt acquired) compared with US$2.0 billion in the previous year.

This expenditure was funded largely out of the Group's substantial cash generation (operating cashflow less interest and tax of US$3.8 billion) and also through new equity (US$0.9 billion) and borrowings.

Acquisitions

Principal acquisition activity included:

- the purchase of an additional 56% interest in Worsley alumina refinery for US$1,490 million;
- the purchase of Rio Algom for US$1,187 million;
- the purchase of 98.6% of Class A shares and 88.7% of Class B shares of Dia Met for US$398 million; and
- BHP Billiton and Mitsubishi acquired QCT Resources (BHP Billiton's share US$221 million).

Divestitures

Divestitures generated proceeds of US$962 million, including:

- the spin-out of the OneSteel long products business to BHP Billiton Ltd shareholders;
- the equalisation of ownership interests of BHP Billiton and Mitsubishi in the CQCA and Gregory Joint Ventures;
- the cessation of investment in HBI Venezuela;
- the conditional sale of a 15% equity interest in the Ohanet wet gas field development in Algeria to Woodside. The transaction is subject to Algerian government and SONATRACH approval; and
- the sale of BHP Billiton's interest in the Buffalo oil field (Western Australia).

BHP Billiton also announced its intention to spin-out its remaining Steel business to BHP Billiton Ltd shareholders. This transaction is expected to be completed by the end of financial year 2002.

Negotiations continue with relevant parties with a view to concluding the exit from the Ok Tedi copper mine.

Growth Projects

During the year, BHP Billiton committed approximately US$2.1 billion to new growth projects, including the following:

Project		Share of Capex US$m	Share of Production	Completion
Aluminium	Mozal II Expansion Mozambique BHP Billiton : 47.1%	405	120,000 tonnes per annum of additional production	FY04
Energy	San Juan Underground	148		FY02

Coal	USA BHP Billiton : 100%		6.5 million short tons per annum of replacement production	
Base Metals	Copper Escondida Phase IV Chile BHP Billiton : 57.5%	600	230,000 tonnes per annum average over 5 years of incremental copper production	FY03
	Tintaya Oxide Peru BHP Billiton : 100%	138	34,000 tonnes per annum of copper in cathode	FY02
Carbon Steel Materials	Metallurgical Coal Blackwater Expansion Australia BHP Billiton : 50%	32	2.5 million tonnes per annum of incremental production	FY02
Petroleum	Ohanet Wet Gas Field Development Algeria BHP Billiton : 45%	430	58,000 barrels per day gross; net reserve entitlement of 40-57 mmboe grossed up for Algerian taxes	FY04
	North West Shelf Train 4 Expansion Australia BHP Billiton : 16.67%	260	700,000 tonnes per annum of LNG	FY04
	Laminaria II Oil Field Development Australia BHP Billiton : 32.6%	23	21,000 barrels of oil per day incremental oil production at peak	FY02
		18		FY02

Echo Yodel Condensate Development	5,000 barrels per day of condensate
Australia	
BHP Billiton : 16.67%	

Progress continued on the development of a number of projects approved in prior financial years, or as part of recent acquisition activity. These include:

- Typhoon oil field development (Gulf of Mexico) - first production July 2001 20,000 barrels of oil per day and 30 million standard cubic feet of gas per day net. Capital expenditure of US$128 million net to BHP Billiton;
- Cerro Matoso nickel mining and smelting operation (Colombia) - Line 2 produced its first ferronickel in January 2001, ahead of schedule and 15% below budget. Output is expected to double to around 55,000 tonnes per annum (BHP Billiton 100%);
- the Antamina copper and zinc project (Peru) - reached mechanical completion in May 2001, under budget and more than two months ahead of schedule. It is anticipated that the project will reach its full design capacity of 70,000 tonnes per day of ore well in advance of December 2001 and significantly ahead of the original schedule of February 2002 (BHP Billiton 33.7%);
- 401/402 oilfield development (Algeria) - first production in financial year 2003, with peak production of 80,000 barrels of oil per day (BHP Billiton's interest under the Production Sharing Contract is 45%). BHP Billiton's reserve entitlement is approximately 60 million barrels grossed up for Algerian taxes. Capital expenditure for BHP Billiton of US$190 million; and
- Zamzama gas field (Pakistan) - commenced production under an extended well test in March 2001 at a peak rate of 39 mmscfd of gas net to BHP Billiton.

Current Growth Projects

Feasibility and planning work is continuing on a number of new projects, one already approved and some others which are expected to be presented for capital approval during financial year 2002.

These projects include the following:

- Mount Arthur North energy coal mine development (New South Wales) (approved in July 2001) - 12.1 million tonnes of saleable coal by 2006, initial production from 2003. Capital expenditure of US$411 million (BHP Billiton 100%);
- Carbones del Cerrejon Expansion (Colombia) - a feasibility study is underway to increase capacity of the steaming coal mine from 3 million tonnes per annum to
  9 - 10 million tonnes per annum (BHP Billiton 33%);

- Escondida Norte development (Chile) - pre-feasibility study for potential 110,000 tonnes per annum gross of additional production. (BHP Billiton 57.5%);

- Cerro Colorado copper (Chile) - debottlenecking of production from the current capacity of 110,000 tonnes per annum to 125,000 tonnes per annum has been approved (BHP Billiton 100%);

- Mining Area C iron ore development (Western Australia) - 15 million tonnes per annum mining operation, expected to commission in financial year 2004 (BHP Billiton 85%);

- Mad Dog oil field development (Gulf of Mexico) - appraisal work and pre-development work has commenced, with a submission for Board approval expected in calendar year 2001 (BHP Billiton 23.9%);

- Atlantis oil field development (Gulf of Mexico) - appraisal work and pre-development work has commenced, with a submission for Board approval expected in financial year 2002 (BHP Billiton 44%);

- Hillside 3 Aluminium smelter expansion (South Africa) - feasibility study to construct a third potline, adding a further 130,000 tonnes per annum to Hillside's capacity (BHP Billiton 100%);
- Yabulu/Ravensthorpe (Australia) - feasibility study on the expansion of the back end of the Yabulu nickel refinery to treat intermediate product from the Ravensthorpe nickel laterite mine and acid leach plant producing additional throughput of 30,000 - 35,000 tonnes per annum of nickel (BHP Billiton 100%);
- Spence copper mine (Chile) - pre-feasibility work has been completed and a full feasibility study is now in progress (BHP Billiton 100%);

- Minerva Gas field development (Victoria) - final feasibility work is being undertaken, with a submission for Board approval expected in financial year 2002 (BHP Billiton 90%); and

- Zamzama full field development (Pakistan) - expansion of production from the current contracted level of 70 mmscfd gross, dependent on securing of gas contracts. Full field production up to 320 mmscfd gross is expected (BHP Billiton 38.5%).

Balance Sheet

Total assets less current liabilities for the Group were US$22,793 million at 30 June 2001, an increase of US$1,035 million from the figure for 30 June 2000.

Equity shareholders' funds for the Group were US$11,340 million at 30 June 2001 largely unchanged from the previous year due to the impacts of exchange rates, write-downs and provisions. Net debt for the Group increased by 20.2% to US$7,321 million due to financing of investing activities.

As a consequence of the above, the gearing ratio increased to 38.4% compared with 34.2% for the previous year. The debt to equity ratio increased from 55.2% to 64.6%.

Risk Management and Hedging

During the year, BHP Billiton Ltd undertook a detailed quantitative analysis of its portfolio of assets, as part of a portfolio risk management review. The outcome was the adoption of a self-insurance model utilising natural hedges as the principal means of managing market risk. This decision was based on the significant degree of diversification of cash flow at risk within the portfolio.

The BHP Billiton Ltd quantitative risk management model has been utilised to evaluate the cash flow at risk for the combined BHP Billiton Group portfolio and a proposal covering commodity and currency hedging for BHP Billiton is to be considered by the Board in August 2001.

Capital Management

At the time of announcing BHP Billiton Ltd's third quarter financial results, an on-market share buyback of up to 90 million shares (approximately 5% of BHP Billiton Ltd's issued capital) was announced. Following implementation of the DLC, the buyback programme has been adjusted so that the number of shares to be re-purchased continues to represent approximately five per cent of issued capital. Commencement of re-purchase of shares had not occurred as at the end of the financial year.

Dividends

Total dividends for the year amounted to US$754 million, of which US$476 million related to BHP Billiton Ltd and US$278 million related to BHP Billiton Plc.

BHP Billiton Ltd paid shareholders a fully franked dividend of A$0.26 per fully paid share on 2 July 2001. This franked dividend together with the unfranked dividend of A$0.25 per share in December 2000, takes the total dividend for 2001 to A$0.51 per share on a pre bonus share issue basis.

The Board of BHP Billiton Plc declared a second interim dividend (in lieu of a final dividend) of US$0.08 per share, making a total dividend for the year of US$0.12 per share.

Merger Integration

Good progress has been made in integrating the two companies, including the establishment of:

- an organisational structure which enabled the merged entity to undertake its business activities on a combined basis from day one. The establishment of this organisational structure included personnel appointments to the vast majority of senior management positions;
- Customer Sector Groups - assets combined into natural customer groupings, supported by a centralised marketing structure;
- Corporate governance arrangements, including designated capital expenditure limits at the Customer Sector Group level, and the establishment of an Investment Review Committee responsible for reviewing the risks for capital expenditure greater than US$100 million, independent risk assessments and project execution management oversight. Corporate governance arrangements are designed to meet best practice in the UK and Australia; and
- Health Safety and Environment, as well as Risk Assessment and Assurance governance arrangements.

In addition, the combined portfolio of assets has been reviewed according to defined criteria. The inventory of growth projects within the portfolio has also been reviewed with initial plans for project sequencing and an assessment of the impact on the commodity mix of the portfolio has been undertaken.

The detailed planning process and detailed decisions on organisational structure have resulted in restructuring costs of US$42 million pre-tax (including US$6 million relating to financing facilities) being recognised at year end.

Business Outlook

The slow-down in the global economy has intensified in the last six months, reducing industrial production and, consequently, commodity demand across the OECD. Notwithstanding generally low consumer inventory levels, the prices of a number of traded metals have fallen sharply.

Base metals, stainless steel materials and alumina have borne the brunt of the slow down. Copper prices are at their lowest level in several years. Stainless steel raw materials have been affected by the downturn in stainless steel consumption and the resultant smelting cutbacks undertaken by producers to mitigate stock build-up. Power-related disruptions to aluminium supply from the Pacific North West USA, and elsewhere, while offsetting particularly the weakening consumption in North America, have in turn reduced demand for alumina, with a resultant fall in the spot price.

Fortunately, a number of our important businesses have so far been sheltered from the global slowdown. Oil prices have remained in the range of US$26 to US$27 per barrel as OPEC has adjusted supply to meet demand. The underlying demand for seaborne energy coal also remains firm, especially in the US market, though prices have levelled out after the strong rise during the first half of 2001. Metallurgical coal prices have also been sustained by a tight supply situation and strong demand. Iron ore prices are approaching cyclical highs, reflecting robust growth in seaborne iron ore trade for imports to China and elsewhere in Asia.

A world-wide recovery is unlikely until the economy in the US begins to improve, the European market reverses its recent slow-down and there is a resolution of the persistent recessionary environment in Japan. While a global slowdown will impact our financial results, our robust low-cost operations and the diversified nature of our businesses will buffer changes in individual products and markets, and provide resilience to our earnings and cash flows.

Analysis of EBIT including exceptional items by Customer Sector Group

Aluminium

(US$m)	2001	2000	Change%	('000 tonnes)	2001	2000	Change%
Turnover	2,971	2,357	+26	Alumina production	2,938	1,878	+56
EBIT	576	438	+32	Aluminium production	984	883	+11
Net operating assets	4,730	3,216	+47	LME Aluminium (cash, US$/t, ave)	1,539	1,516	+2

Aluminium's EBIT was US$576 million, an increase of US$138 million or 32% compared with the corresponding period.

Major factors which affected the comparison of results were:

- higher volumes from the addition of Worsley (US$35 million) and Mozal 1 (U$25 million);
- sale of expansion rights at Mozal (US$61 million);
- US$14 million from the Gove break fee; and
- favourable effect of lower Rand and Real exchange rates on costs.

These were partially offset by:

- increased pot relining costs at Hillside (US$26 million); and
- an increase in London Metal Exchange (LME) aluminium price linked costs.

Aluminium smelters produced 984,000 tonnes of metal, compared with 883,000 tonnes produced over the corresponding period, with the newly commissioned Mozal I contributing 93,000 tonnes. During the same period alumina output rose by 1,060,000 tonnes to 2,938,000 tonnes. Of the total production amount, 1,632,000 tonnes was attributable to Worsley, with the additional 56 per cent stake purchased in January 2001 contributing 720,000 tonnes.

Average aluminium unit cash costs rose three per cent over last year's costs, as a result of an increase in LME-linked production costs, the start-up costs of Mozal and significantly higher pot relining costs at Hillside. Alumina unit cash costs decreased nine per cent over the same period last year mainly due to lower unit cash costs at Worsley.

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Base Metals

(US$m)	2001	2000	Change%	('000 tonnes)	2001	2000	Change%
Turnover	2,231	2,374	-6	Copper production	1,021	848	+20
EBIT	47	478	-90	Lead production	217	207	+5
Net operating assets	3,834	2,244	+71	LME Copper (cash, USc/lb, ave)	81	79	+3

Base Metals' EBIT was US$47 million, a decrease of US$431 million or 90% compared with the corresponding period.

Major factors which affected the comparison of results were:

- the write-off of the Ok Tedi copper mine (US$430 million before equity minority interests); and
- lower average gold, silver and zinc prices.

These were partially offset by higher copper production (up 173,400 tonnes) mainly due to the acquisition of Rio Algom in October 2000. The inclusion of Rio Algom contributed US$49 million to EBIT during the year.

Production of total copper contained in concentrate and cathode in 2001 was 20% higher than the previous year, reflecting the Rio Algom acquisition and higher production at Ok Tedi as a result of increased mill throughput, partly offset by lower head grade at Escondida. Production of silver, lead and zinc increased for the period, mainly reflecting higher output from Cannington as a result of the debottlenecking of the mill.

Over the last year the BHP Billiton Group has been negotiating with other shareholders on the terms and conditions related to its exit from Ok Tedi. Based on the status of these negotiations it has been decided to write-off the BHP Billiton Group's share of Ok Tedi's net assets. From 1 July 2001, no profit will be recognised for Ok Tedi except to the extent that dividends are received.

Exploration expenditure for the year was US$56 million (2000 - US$11 million). Exploration charged to profit was US$19 million (2000 - US$8 million).

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Carbon Steel Materials

(US$m)	2001	2000	Change%	(million tonnes)	2001	2000	Change%
Turnover	3,369	2,842	+19	Iron ore production	65.9	59.8	+10
EBIT	836	(157)	Nm	Metallurgical coal production	37.1	30.6	+21
Net operating assets	2,289	2,950	-22	Manganese alloys production	0.6	0.7	-5

Carbon Steel Materials' EBIT was US$836 million, an increase of US$993 million compared with the corresponding period.

Major factors which affected the comparison of results were:

- a profit US$128 million from the sale of interests in the CQCA and Gregory joint ventures to Mitsubishi;
- higher iron ore and metallurgical coal prices and volumes; and
- the write-off of HBI Western Australia (US$695 million) in the corresponding period.

These were partly offset by:

- increased operating losses from HBI Venezuela and the write-off of the Group's investment together with provisions and other associated costs due to the decision to cease further investment; and
- higher costs in Queensland coal operations due to the impact of industrial action and dragline maintenance shutdowns, and Western Australia iron ore operations due to higher royalty and diesel costs.

Western Australia iron ore operations sold a record 71.3 million wet tonnes (100 per cent terms) for the year, an increase of 8.1 million wet tonnes over the previous year. Record Yandi shipments of 30.7 million wet tonnes for the year contributed significantly to this result. BHP Billiton's share of Samarco (Brazil) iron ore production was 7.5 million tonnes, 11% higher than the previous year.

BHP Billiton's share of Queensland coal production was 30.6 million tonnes, 26% higher than the previous year, mainly refecting the acquisition of QCT Resources Ltd. Coal production from Illawarra was 6.6 million tonnes, 5% higher than the previous year.

Total manganese alloy production of 642,000 tonnes was 5% lower than the previous year, while manganese ore production of 3.8 million tonnes was 5% higher than the previous year.

Hot briquetted iron production was 80% higher than the previous year mainly reflecting continued production ramp-up at the Western Australia plant.

The decision to cease further investment in HBI Venezuela was announced in the third quarter of the 2001 financial year following a detailed review of the future economic value of this asset. The review identified that, in the context of changed operating and market conditions, the BHP Billiton Group would not expect the plant to meet the BHP Billiton Group's operational and financial performance targets necessary to justify any further investment in the project, nor would it satisfy bank completion requirements for project financing. These factors coupled with possible partner funding issues influenced the decision.

Stainless Steel Materials

(US$m)	2001	2000	Change%	('000 tonnes)	2001	2000	Change%
Turnover	838	977	-14	Nickel production	60.8	54.1	+12
EBIT	74	205	-64	Chrome alloys production	908	1,055	-14
Net operating assets	1,598	1,487	+7	LME Nickel (cash, US$/lb, ave)	3.28	3.75	-12

Stainless Steel Materials' EBIT was US$74 million, a decrease of US$131 million or 64% compared with the corresponding period.

Major factors which affected the comparison of results were:

- lower prices for nickel (down 12%) and cobalt by-product (down 22%); and
- lower ferrochrome prices reflecting falling world demand for stainless steel and increased use of stainless steel scrap.

These were partially offset by:

- higher nickel production; and
- lower unit costs at Cerro Matoso (Colombia) and Yabulu (Australia).

Both nickel operations achieved record production volumes. The Cerro Matoso
Line 2 expansion produced its first ferronickel in January 2001, three months ahead of schedule. The Yabulu refinery rehabilitation programme resulted in output at a record level of 28,960 tonnes, 15% above the previous year, and improved metal recoveries. Unit cost efficiencies were realised at both operations.

Given the weakness in the ferrochrome market, Samancor Chrome accelerated its programme of furnace upgrades and cut back production over the year. At year end, eight chrome furnaces (representing some 30% of total capacity) were shut down. The furnace closures enabled the business units involved to implement a significant restructuring in order to achieve permanent fixed cost improvements.

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Energy Coal

(US$m)	2001	2000	Change%	(million tonnes)	2001	2000	Change%
Turnover	1,982	1,597	+24	Energy coal production	92.9	93.9	-1

EBIT	348	137	+154
Net operating assets	1,986	1,665	+19

Energy Coal's EBIT was US$348 million, an increase of US$211 million or 154% compared with corresponding period.

Major factors which affected the comparison of results were:

- higher export energy coal prices;
- cost savings and efficiencies; and
- favourable effect of lower Rand/US$ exchange rates on costs.

At the end of the financial year, Free On Board (FOB) prices for energy coal were between US$33-34 per tonne. This is a significant increase on the previous year.

Total energy coal production was 92.9 million tonnes, 1% lower than the previous year.

South African production of 61.3 million tonnes was 8% lower than the previous year due in part to the sale of the Matla and Glisa collieries to Eyesizwe Mining and to the cutback in production at Koornfontein during the year. Koornfontein and Douglas performed exceptionally well following restructuring and with the achievement of the envisaged productivity improvements there were notable reductions in unit operating costs.

United States production of 14.9 million tonnes was 3% higher than the previous year and included record production from San Juan Coal Company of 7.3 million tonnes. Production in Australia and Indonesia were also higher than the previous year.

During the year the BHP Billiton Group acquired interests in two Colombian coal assets: Carbones del Cerrejon (CdelC - BHP Billiton 33.3%) in September 2000 and Cerrejon Zona Norte SA (CZN - BHP Billiton 16.7%) in November 2000. The BHP Billiton Group's share of production and EBIT from CdelC and CZN for the year was 2.8 million tonnes and US$16 million respectively.

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<u>Petroleum</u>

(US$m)	2001	2000	Change%	Production:	2001	2000	Change%
Turnover	3,361	2,971	+13	Crude oil and condensate (mmbbl)	79.1	79.8	-1
EBIT	1,407	1,142	+23	Natural gas (bcf)	261.8	238.6	+10

Net operating assets	2,504	2,796	-10	Ave realised oil price (US$/bbl)	28.04	22.86	+23

Petroleum's EBIT was US$1,407 million, an increase of US$265 million or 23% compared with the corresponding period.

Major factors which affected the comparison of results were:

- higher average realised oil price net of commodity hedging of US$28.04 per barrel compared to US$22.86 per barrel in the corresponding period. The average realised oil price before commodity hedging was US$29.39 per barrel (2000 - US$25.21 per barrel);
- higher natural gas, liquefied natural gas (LNG) and liquefied petroleum gas (LPG) prices; and
- higher profits from the Laminaria/Corallina oil fields which commenced operations in November 1999.

These were partly offset by:

- lower Bass Strait (Victoria) oil sales volumes;
- lower profits from the sale of assets; and
- higher exploration charged to profit reflecting exploration activity in the Gulf of Mexico, Latin America and Algeria.

Oil and condensate production was 1% lower than the corresponding period due to natural field decline at Bass Strait, the sale of the Buffalo oil field and lower Bruce (UK) production due to shut-ins for repairs. These were partly offset by higher volumes at the Laminaria/Corallina oil fields due to this being their first full year of production, Liverpool Bay (UK) due to strong performance following a major maintenance shutdown, and Griffin (North West Australia) due to the impact of infill wells and favourable weather conditions for operations.

Natural gas production was 15% higher than the corresponding period which was largely attributable to higher volumes from Bass Strait, higher volumes from Bruce and Griffin, and the commencement of production at the Zamzama field late in March 2001.

LNG production at the North West Shelf (NWS) in Western Australia was 5% lower than the corresponding period mainly due to longer than planned maintenance shut-downs in October 2000.

Exploration expenditure for the year was US$206 million (2000 - US$153 million). Exploration charged to profit was US$144 million (2000 - US$118 million).

<u>Steel</u>

(US$m)	2001	2000	Change%	('000 tonnes)	2001	2000	Change%
Turnover	3,760	5,393	-30	Raw steel	5,432	5,461	-1
EBIT	248	249	-		5,316	4,883	+9

				Marketable steel products
Net operating assets	1,965	3,749	-48	(core steel business only)

Steel's EBIT was US$248 million, in line with the corresponding period.

Major factors which affected the comparison of results were:

- a variety of items in the corresponding period totalling a loss of approximately US$50 million, comprising a loss on sale of US West Coast businesses, overall profits from discontinued businesses and tax benefits from changes in Australian company tax rates;
- improved operating performance from the Asian businesses; and
- additional tax benefits in respect of losses from New Zealand operations, for which no deduction has previously been recognised.

These were partly offset by:

- lower international prices;
- lower sales volumes of coated products to the Australian market reflecting reduced building activity; and
- the impact of industrial action at Port Kembla steelworks (New South Wales).

Steel despatches from flat and coated operations were 5.34 million tonnes for the year, 10% above the corresponding period. Australian domestic despatches were 2.09 million tonnes, 9% above the corresponding period. The inclusion of despatches to OneSteel Limited (previously treated as despatches within the BHP Billiton Ltd Group) were partly offset by lower sales volumes of coated products.

Australian export despatches were 2.36 million tonnes, up 15%. New Zealand steel despatches were 0.54 million tonnes, down 3%. Despatches from overseas plants were 0.36 million tonnes, up 9%.

Steel despatches from discontinued operations for the year were 0.70 million tonnes, 77% below the corresponding period primarily due to the spin-out of OneSteel Limited in October 2000 and sale of the US West Coast businesses in the fourth quarter of the corresponding period.

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Exploration, Technology and New Business

(US$m)	2001	2000	Change%	('000 carats)	2001	2000	Change%
Turnover	251	224	+12	Ekati™ diamonds production	1,428	1,301	+10
EBIT	(7)	12	Nm				

Net operating assets	869	416	+109

The result for Exploration, Technology and New Business was an EBIT loss of US$7 million compared with an EBIT of US$12 million in the corresponding period.

Ekati™ diamond production was 10 per cent higher than the previous year due mainly to higher recoveries of lower quality diamonds.

Total exploration charged to profit was US$75 million, an increase of US$5 million compared with the corresponding period.

Other Activities

The result for Other Activities was an EBIT of US$6 million for the year compared with an EBIT of US$163 million in the corresponding period.

The result for the year included an exceptional item of US$114 million (before taxation and equity minority interests) representing the write-down of the carrying value of the Columbus Joint Venture.

At Richards Bay Minerals overall titanium slag sales volumes declined slightly on the previous year reflecting a reduction in pigment production as a consequence of slowing economic activity in the United States and Europe. This, together with marginally higher sales prices, resulted in a 2.5% decline in turnover compared to the previous year. This was more than offset by the benefits of a relatively strong zircon market as well as reduced costs principally arising from depreciation of the Rand.

Group and Unallocated Items

The result for Group and Unallocated Items was an EBIT loss of US$996 million for the year compared with an EBIT loss of US$400 million in the corresponding period.

The result for the year included an EBIT loss of US$340 million representing provisions for financial obligations to banks and other provisions related to the decision to cease further investment in HBI Venezuela.

The current year also included EBIT losses of approximately US$360 million from external foreign currency hedging compared with EBIT losses of approximately US$175 million in the corresponding period. This mainly reflects the lower value of the Australian dollar relative to the US dollar for currency hedging contracts settled during the year.

The result also included merger transaction and restructuring costs of US$114 million.

BHP BILLITON

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2001

PART C

BHP BILLITON GROUP RESULTS

Part C2: Financial Information

Status of financial information

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

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

- The shareholders of BHP Billiton Plc and BHP Billiton Limited have a common economic interest in both groups
- The shareholders of BHP Billiton Plc and BHP Billiton Limited take key decisions, including the election of directors, through a joint electoral procedure under which the shareholders of the two companies effectively vote on a joint basis
- BHP Billiton Plc and BHP Billiton Limited have a common board of directors, a unified management structure and joint objectives
- Dividends and capital distributions made by the two companies will be equalised.

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

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

The financial information in this Part of the preliminary announcement has been prepared on this basis. The financial information prepared on the basis that the DLC merger had not been consummated prior to 30 June 2001 (except that merger related costs have been recognised) and which therefore does not include BHP Billiton Limited and its subsidiaries is set out in Part E of this preliminary announcement "BHP Billiton Plc Group Pro forma Results: year ended 30 June 2001".

The figures for the two years ended 30 June 2001 and 30 June 2000 are unaudited and do not constitute the BHP Billiton Plc's statutory accounts. The statutory accounts for the year ended 30 June 2001 will be provided on the basis of the financial information presented by the directors in this Part of this preliminary announcement and will be delivered to the Registrar of Companies following the Annual General Meeting. The statutory accounts for the year ended 30 June 2000 received an unqualified audit report without statements under section 237 of the Companies Act 1985 and have been filed with the Registrar of Companies.

Basis of presentation of financial information

The financial information is presented in accordance with UK generally accepted accounting principles. The reporting currency is US dollars, the dominant currency in which BHP Billiton Plc and the companies in which it has holdings operate.

The financial information in this Part of the preliminary announcement has been prepared on the same basis and using the same accounting policies as were used in preparing the financial statements for the year ended 30 June 2000, except that the BHP Billiton Group has adopted two changes to its accounting policies for deferred tax and exploration costs principally to align policies between BHP Billiton Plc and BHP Billiton Limited.

Deferred tax

The Group has adopted FRS 19 ("Deferred tax"). Prior to the adoption of FRS 19, the BHP Billiton Group provided for deferred taxation under the liability method, only to the extent that it was probable that a liability or asset would crystallise in the foreseeable future. As a result of FRS19, the new policy requires that full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at balance sheet date, except as follows:

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

The adoption of the new policy, which has been made by way of an adjustment to previously published results as though the revised policy had always been applied by the BHP Billiton Group, has had the following effects:

- The previously published figures at 1 July 1999 and 30 June 2000 have been restated as follows:

a. deferred tax has been increased by US$288 million and US$294 million respectively;

b. goodwill has been increased by US$111 million and US$104 million respectively due to increased deferred tax liabilities at the date of acquisition of businesses; and

c. investments in joint ventures have been reduced by US$49 million and US$49 million respectively

resulting in decreases in shareholders' funds of US$189 million and US$200 million after taking account of minority interests of US$37 million and US$39 million respectively;

- Operating profit and the tax charge on profits from ordinary activities for the year ended 30 June 2000 have been decreased by US$7 million and increased by US$6 million respectively from the figures previously published, resulting in profit after tax and attributable profit being decreased by US$13 million and US$11 million respectively; and
- The impact on the current year operating profit and charge for taxation is a decrease of US$7 million and of US$58 million respectively, resulting in attributable profit being increased by US$37 million, of which

US$18 million is attributable to exceptional items.

Exploration costs

Prior to the DLC merger, BHP Billiton Plc's and BHP Billiton Limited's policies for the treatment of exploration expenditure had a broadly similar effect in that expenditure incurred prior to a project being considered to be commercially viable was effectively recognised as a charge in the profit and loss account. Expenditure incurred subsequent to the determination of commercial viability was capitalised. However, BHP Billiton Plc's policy required the write back of provisions established prior to a project being considered to be commercially viable to the extent that the relevant costs were recoverable whereas BHP Billiton Limited was precluded under Australian GAAP from writing back expenditure previously charged to the profit and loss account.

In order to conform policies, it has been agreed that BHP Billiton Plc's policy be changed to preclude the write back of costs previously recognised in the profit and loss account when a project is considered to have become commercially viable.

The adoption of the new policy, which has been made by way of an adjustment to previously published results as though the revised policy had always been applied by the BHP Billiton Group, has had the following effects:

- Exploration expenditure at 1 July 1999 and 30 June 2000 and shareholders' funds as at those dates have been reduced by US$15 million;
- The current year exploration cost has been reduced by US$5 million and profit after tax has been increased by the same amount.

consolidated profit and loss account

for the year ended 30 June 2001

	2001			2000		
	before exceptional items US$m	exceptional items US$m Note 1	after exceptional items US$m	before exceptional items US$m	exceptional items US$m Note 1	after exceptional items US$m
Turnover (including share of joint ventures and associates) (a)	19,079	-	19,079	18,402	-	18,402
Less: share of joint ventures	(1,290)	-	(1,290)	(987)	-	(987)

and associates						
Group turnover (excluding share of joint ventures and associates)	17,789	-	17,789	17,415	-	17,415
Net operating costs (b)	(14,551)	(60)	(14,611)	(14,777)	(695)	(15,472)
Group operating profit	3,238	(60)	3,178	2,638	(695)	1,943
Share of operating profit/(loss) of joint ventures and associates (b)	281	(634)	(353)	239	-	239
Operating profit (including share of joint ventures and associates) (a)	3,519	(694)	2,825	2,877	(695)	2,182
Income from other fixed asset investments	32	-	32	20	-	20
Profit on sale of fixed assets	72	128	200	124	-	124
Profit/(loss) on sale of subsidiaries	4	-				