

BHP BILLITON LTD  
Form 6-K  
August 19, 2004

---

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

---

FORM 6-K

REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the Date of

18 August 2004

BHP Billiton Limited

ABN 49 004 028 077

180 Lonsdale Street

Melbourne Victoria 3000

Australia

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F	<input checked="" type="checkbox"/>		Form 40-F	<input type="checkbox"/>
-----------	-------------------------------------	--	-----------	--------------------------

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes	<input type="checkbox"/>		No	<input checked="" type="checkbox"/>
-----	--------------------------	--	----	-------------------------------------

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Date 18 August 2004  
 Number 26/04

BHP BILLITON RESULTS FOR THE YEAR ENDED 30 JUNE 2004

- Record EBITDA, EBIT and attributable profit.
- EBITDA (excluding exceptional items), up 40.0% to US\$7.5 billion and EBIT (excluding exceptional items), up 57.7% to US\$5.5 billion.
- Attributable profit (excluding exceptional items) of US\$3.5 billion, an increase of 82.8% and basic earnings per share (excluding exceptional items) of 56.4 US cents, up 82.5%.
- Including other efficiency gains, the total merger benefits and cost savings target of US\$770 million was exceeded, 12 months ahead of schedule.
- Available cash flow (after interest and tax) increased to US\$5.2 billion, up 45.6%.
- Increased production for all major minerals commodities, natural gas and LPG, with record production rates for eight major products.
- Seven projects commissioned during the current year. A further 14 major projects currently under development.
- Final dividend of 9.5 US cents declared (a 26.7% increase above the 2003 final dividend), bringing the full year dividend to 26.0 US cents per share.
- Board approves up to US\$2 billion capital management programme.

Year ended 30 June	J004 US\$M	J003 US\$M	Change
Turnover (1)	J4 943	I7 506	L2.5%
EBITDA (1) (2) (3)	O 506	M 363	L0.0%
EBIT (1) (2) (3)	M 488	K 481	M7.7%

Edgar Filing: BHP BILLITON LTD - Form 6-K

Attributable profit (excluding exceptional items) (1)	K 510	I 920	82.8%
Attributable profit (including exceptional items) (1)	K 379	I 901	07.7%
Available cash flow (4)	M 235	K 596	L5.6%
Basic earnings per share (excluding exceptional items) (US cents) (1)	M6.4	K0.9	82.5%
Basic earnings per share (including exceptional items) (US cents) (1)	M4.3	K0.6	07.5%
EBITDA interest coverage (times) (1) (2) (3) (5)	J1.1	I3.3	M8.6%
Dividend per share (US cents) (6)	J6.0	I4.5	N/C

(1) Including the Group's share of joint ventures and associates.

(2) Excluding exceptional items.

(3) Throughout this report, EBIT is earnings before interest and tax. EBITDA is EBIT before depreciation, impairments and amortisation of US\$2,018 million (comprising Group depreciation, impairments and amortisation of US\$1,867 million and joint venture and associate depreciation, impairments and amortisation of US\$151 million) for the year ended 30 June 2004 and US\$1,882 million (comprising Group depreciation, impairments and amortisation of US\$1,721 million and joint venture and associate depreciation, impairments and amortisation of US\$161 million) for the year ended 30 June 2003. We believe that EBIT and EBITDA provide useful information, but should not be considered as an indication of, or alternative to, attributable profit as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

(4) Available cash flow is operating cash flow including dividends from joint ventures and associates and after net interest and tax.

(5) For this purpose, net interest includes capitalised interest and excludes the effect of discounting on provisions and other liabilities, and exchange differences arising from net debt.

(6) Three dividends were declared for the year ended 30 June 2004, compared to two dividends declared for the year ended 30 June 2003, as a result of the Group's decision to realign dividend declaration dates to coincide with the announcements of our interim and full year results.

The above financial results are prepared in accordance with UK generally accepted accounting principles (GAAP) and are unaudited. Financial results in accordance with Australian GAAP are provided on page 30 to 31. All references to the corresponding period are to the year ended 30 June 2003.

## RESULTS FOR THE YEAR ENDED 30 JUNE 200

### 4

#### Commentary on the Group Results

##### Introduction

The Group set new records this year, both in terms of its operations and its financial results. Attributable profit (before exceptional items) increased by 82.8% to US\$3.5 billion. Attributable profit (after exceptional items - refer page 4) of US\$3.4 billion, was a 77.7% increase from last year's results and production records were set at many operations across our business. This record result is reflective of strong market conditions and the successful execution of our business strategy. Since the creation of BHP Billiton, we have consistently focused on maximising the operating performance of our world class assets and reducing costs and improving the efficiencies of our businesses. We have utilised the growing cash flows generated from these businesses to invest in value accretive organic growth projects which have enabled us to benefit from the market conditions we are now experiencing.

Record production volumes were achieved at a number of our businesses as seven new projects came on stream and other projects ramped up to full production. Our Operating Excellence initiatives also contributed to the increased production, allowing us to take full advantage of strong market demand. Western Australian iron ore, Queensland coal and Groote Eylandt manganese (all Australia) operations produced record volumes of iron ore, coking coal and manganese ore, respectively. Escondida (Chile) produced record copper volumes, Cannington (Australia) produced record silver volumes and Ekati (Canada) achieved record diamond volumes. Record alumina, aluminium, nickel and natural gas volumes were also achieved during the current year.

Including other efficiency gains of US\$70 million and US\$115 million of additional cost savings achieved during the year, the total benefits since the merger reached US\$780 million. This exceeds, 12 months ahead of schedule, the target set in April 2002 of US\$770 million. EBIT margin, excluding exceptional items and third party product sales, improved to 29.8% compared to 24.3% for financial year 2003.

Available cash flow (after interest and tax) for the year was a record US\$5.2 billion. This strength in cash flow enabled the continuing development of our project pipeline. The seven projects successfully commissioned during the year required a capital investment of approximately US\$1.9 billion. The Board also approved five major projects during the year; the Worsley Development Capital Projects, Escondida Sulphide Leach, Panda Underground, Ravensthorpe Nickel and the Yabulu Extension projects, representing a combined capital expenditure of US\$2.2 billion. In total, the Group currently has 14 major growth projects under development, 12 of which are tracking within

Board approved budget and schedule. Refer further details on page 8 and 9.

BHP Billiton has consistently stated that the priorities for its cash flow are:

- to finance growth opportunities with attractive rates of return;
- to maintain a capital structure in line with an A credit rating; and
- to return cash to shareholders, either through its progressive dividend policy or by other means.

The Board of BHP Billiton remains committed to demonstrating strong capital discipline whilst ensuring that BHP Billiton is able to finance its strong and growing organic growth pipeline.

Following a review of its current and anticipated cash flows, the Board approved a number of actions associated with capital management activities. The Board has today declared a final dividend of 9.5 US cents per share, an increase of 26.7% over last year's final dividend. This brings the total dividends for the 2004 financial year to 26 US cents per share. Additionally, the Board approved plans to pursue additional capital management initiatives with a target amount of up to US\$2 billion. BHP Billiton is currently reviewing various means of returning capital, including the use of share buy-backs, so as to optimise value, with the exact amount and timing of any return being dependent upon market conditions.

#### The Income Statement

##### Earnings excluding Exceptional Items

Turnover (including turnover from third party products) rose by 42.5% to US\$24,943 million. Turnover from sales of Group product increased by 29.4% to US\$18,283 million, mainly due to higher prices for copper, nickel, petroleum products, aluminium, export energy coal, ferrochrome and iron ore, together with increased sales volumes for our major minerals commodities, natural gas and LPG. This was partly offset by lower volumes for petroleum liquids and titanium products. Sales of third party products increased by US\$3,278 million to US\$6,660 million.

Earnings before interest, tax, depreciation and amortisation, excluding exceptional items, increased by 40.0% to US\$7,506 million from US\$5,363 million in the corresponding period.

Earnings before interest and tax excluding exceptional items were US\$5,488 million compared with US\$3,481 million in the corresponding period, an increase of 57.7%. This increase was due to higher commodity prices, net benefits from portfolio management activities, higher sales volumes, cost savings and efficiency gains. Offsetting factors were higher A\$/US\$ and rand/US\$ exchange rates, price-linked costs, inflation and exploration costs. Further analysis of the factors affecting turnover and EBIT is set out on page 10 and 11.

Net interest on borrowings and cash fell from US\$403 million to US\$355 million, principally driven by lower average debt levels and active management of the Group's debt portfolio which has resulted in lower average interest rates. Exchange losses on net debt, mainly relating to the translation of rand denominated debt, were US\$133 million compared with losses of US\$140 million in the corresponding period.

The tax charge on earnings, excluding exceptional items, was US\$1,379 million, representing an effective rate of 27.7%. The underlying effective rate was 26.4% when taking into account the impacts of non tax-effected foreign currency adjustments, translation of tax balances and other functional currency translation adjustments, mainly attributable to the strengthening of both the rand and Australian dollar against the US dollar during the period. When compared to the UK and Australian statutory tax rate (30%), the underlying effective tax rate benefited 2.0% due to the recognition of tax losses (US\$100 million) in the US. In addition, investment incentives, development entitlements

and other unbenefited tax losses and tax credits were recognised during the year. These benefits were offset by non-deductible accounting depreciation and amortisation and non-tax effected losses.

Attributable profit excluding exceptional items (after minority interests of US\$97 million) was US\$3,510 million, an increase of 82.8% from US\$1,920 million last year (after minority interests of US\$40 million).

Basic earnings per share (excluding exceptional items) were 56.4 US cents per share against 30.9 US cents per share in the corresponding period, an increase of 82.5%.

#### Exceptional Items

Exceptional items reduced attributable profit by US\$131 million (after tax) during the year, as follows.

The Group refined its plans in relation to certain closed operations. This resulted in a charge of US\$534 million (US\$512 million after tax) comprising:

- At Southwest Copper (US), a charge of US\$425 million resulting from a re-estimation of short-term closure costs and the inclusion of residual risks, longer-term costs, (including overhead and water management) and an increase in the residual value of certain assets; and,
- At other closed sites, a charge of US\$109 million (before a tax benefit of US\$22 million), in relation to the Island Copper mine (Canada), the Newcastle steelworks (Australia), the Selbaie copper mine (Canada), and several other smaller sites.

The Group announced it was part of a consortium that had reached a settlement with Dalmine SpA with respect to a claim brought against Dalmine in April 1998. The claim followed the failure of an underwater pipeline installed in 1994 in the Liverpool Bay area of the UK continental shelf. As a result of the settlement, BHP Billiton has recorded an exceptional gain of US\$66 million (US\$48 million after tax).

BHP Billiton elected to consolidate its Australian subsidiaries under the Australian tax consolidation regime, as introduced by the Australian Federal Government. Under the transitional rules, the Group has chosen to reset the tax cost base of certain depreciable assets which will result in additional tax depreciation over the lives of the assets. This resulted in the restatement of deferred tax balances and an exceptional tax benefit of US\$95 million being recorded in accordance with UK Generally Accepted Accounting Principles.

The level of certainty regarding potential benefits arising from prior period taxation deductions and foreign tax credits available in the US and Canada has increased to the extent that some of the provisions against deferred tax assets established in prior years are no longer necessary. This is a result of higher income generation, changes in legislation and effective utilisation of tax credits during the year, along with increasing confidence regarding the ability to realise benefits in the future. Accordingly, the Group has recorded an exceptional tax benefit of US\$238 million.

#### Earnings including Exceptional Items

Attributable profit including exceptional items (after minority interests of US\$97 million) was a record at US\$3,379 million, an increase of 77.7% from US\$1,901 million (after minority interests of US\$40 million).

Basic earnings per share, including exceptional items, of 54.3 US cents was also a record, and is 77.5% higher than the 30.6 US cents in the corresponding period.

## Cash Flow

Available cash flow (after interest and tax) was a record US\$5,235 million.

Total capital and investment expenditure amounted to US\$2,624 million, including US\$952 million on petroleum projects, and US\$1,672 million on minerals and other minor projects. Of the total capital and investment expenditure, sustaining capital expenditure was US\$926 million. In addition, exploration expenditure was US\$454 million, comprising petroleum exploration of US\$340 million and minerals exploration of US\$114 million. Disposals of fixed assets, sale of subsidiaries and investments, and repayments of loans by joint ventures generated US\$425 million.

Net cash flow before dividend payments was US\$2,582 million. Dividends paid in the period were US\$1,501 million compared with US\$830 million in the corresponding period. Net debt of US\$4,769 million at 30 June 2004 represents 24.9% of net debt plus net assets. Net debt comprises US\$6,587 million of total debt offset by US\$1,818 million of cash, including money market deposits.

## Dividends

A final dividend for the year ended 30 June 2004 of 9.5 US cents per share will be paid to shareholders on 22 September 2004. The BHP Billiton Limited dividend will be fully franked for Australian taxation purposes.

A first interim dividend of 8.0 US cents per share was paid on 3 December 2003 and a second interim dividend of 8.5 US cents per share was paid on 5 May 2004. This brings the total dividends declared for the year to 26.0 US cents compared to 14.5 US cents in the prior year. Three dividends were declared for the year ended 30 June 2004 as a result of the Group's decision to realign dividend declaration dates to coincide with the announcements of our interim and full year results. In future years, BHP Billiton will declare an interim dividend at the time of its interim results announcement, and a final dividend at the time of its full year results announcement.

Dividends for the BHP Billiton Group are determined and declared in US dollars. However, BHP Billiton Limited dividends are mainly paid in Australian dollars and BHP Billiton Plc dividends are mainly paid in pounds sterling to shareholders on the UK section of the register and rand to shareholders on the South African section of the register. The rates of exchange applicable two business days before the announcement date are used for conversion, and are detailed below.

The timetable in respect of this dividend will be:

Currency conversion - 16 August 2004

Last day to trade Johannesburg Stock Exchange (JSE) - 27 August 2004

Ex-dividend Australian Stock Exchange (ASX) - 30 August 2004

Ex-dividend Johannesburg Stock Exchange (JSE) - 30 August 2004

Ex-dividend London Stock Exchange (LSE) - 1 September 2004

Record - 3 September 2004

American Depositary Shares (ADSs) each represent two fully paid ordinary shares and receive dividends accordingly. The record date for both the BHP Billiton Limited ADSs and BHP Billiton Plc ADSs is 3 September 2004.

BHP Billiton Plc shareholders registered on the South African section of the register will not be able to dematerialise or rematerialise their shareholdings, nor will transfers between the UK register and the South African register be permitted, between the dates of 30 August 2004 and 3 September 2004.

The following table details the exchange rates applicable for conversion of the dividend payable on 22 September 2004:

Dividend 9.5 US cents	Exchange Rate	Dividend per ordinary share in local currency
Australian cents	0.717885	13.233317
British pence	1.842750	5.155338
South African cents	6.500350	61.75332
New Zealand cents	0.664906	14.287734

#### Merger Benefits, Cost Savings and Efficiency Gains

As of 30 June 2004, including other efficiency gains of US\$70 million, the Group had achieved total merger benefits, additional cost savings and efficiency gains of US\$780 million. Cost savings of US\$115 million during the year were driven by the continuation of our Operating Excellence program, strategic sourcing and marketing initiatives. The additional efficiency gains of US\$70 million came from items that to date have not been counted towards the original cost savings target.

These programs and initiatives have been embedded in the way the BHP Billiton Group does business. As a result, we expect to see continued improvements in future periods, although there is growing pressure on input costs based on the current strong demand environment.

#### Capital Management

In November 2003, Standard & Poor's upgraded the Group's long term credit rating from A to A+, and in May 2004, Moody's Investors Service changed the Group's outlook from A2 (stable) to A2 (positive). The benefit of a diversified portfolio, strong financial performance, disciplined financial policies, the integration of the Group's operations following the merger and the lengthening track record in successfully executing our substantial growth projects underpinned our continued positive ratings performance.

In addition, the Group has announced a capital management program as outlined in further detail on page 2.



## Portfolio Management

A number of portfolio management activities were finalised during the current year. Sales of non-core assets, including the sale of our interest in the Highland Valley Copper mine (Canada) and the Robinson copper/gold mine (US) by Base Metals, the sale of our interest in Mamore (Bolivia) by Petroleum, sale of a non-core royalty interest by Diamonds and Specialty Products, and sales of non-core mineral rights by Stainless Steel Materials, generated total proceeds of US\$277 million.

## Outlook

The global economy has been experiencing a significant increase in growth with synchronised demand increases in many economies. Of particular note has been strong growth in China, Japan and other Asian economies. Recovery in the United States has been an important contributor to global growth and economic activity in Europe has been experiencing a steady recovery from a relatively low base.

The Chinese government has taken steps to control excessive growth in certain areas of the economy. As a result, China's economy is expected to ease modestly from current near double-digit growth rates. The efforts to slow demand growth did have an impact on certain materials prices in the second calendar quarter of 2004. However, given that the government remains committed to reform, infrastructure provision and economic growth, China is expected to remain a large and sustainable consumer of raw materials and resources in coming years. As in any economic cycle, we expect the rate of growth will vary from period to period, although we do not see this altering the course of long-term growth and development.

While recent GDP and job growth statistics in the United States have been disappointing, we continue to see solid demand for metals through our US metals distribution business. Raw material demand in Europe has continued to increase as economic activity has picked up. Physical premia in Europe for some non-ferrous metals are currently exceeding the premia in Asia, indicating the strengthening activity in this market.

In general terms, synchronised world growth, China's strong demand growth and relatively low inventory levels have been instrumental in driving commodity prices to their highest levels in several years. In certain areas, this has been exacerbated by supply disruptions and physical infrastructure constraints.

These factors suggest that commodity prices could be sustained at higher levels than experienced in recent years. However, stronger commodity prices will in turn act as an inducement to new supply, which should bring supply and demand fundamentals back towards balance over the medium term.

BHP Billiton is well placed to exercise the growth options within our portfolio and increase production capacity for many commodities currently in short supply. Many of these expansions can be brought to market quickly and at low cost, and will be profitable not only in today's strong demand environment, but throughout the economic cycle. This is a key competitive advantage. BHP Billiton's combination of strong, stable cash flow and extensive organic growth opportunities ensure that we will be able to take full advantage of continued global economic growth and any sustained demand for raw materials. We will also continue to look opportunistically at acquisitions where these fit our business strategy and add value to the BHP Billiton Group.

## Annual General Meetings

The Annual General Meeting of BHP Billiton Limited will be held at the Sydney Convention and Exhibition Centre, Darling Harbour, Sydney, on Friday 22 October 2004 commencing at 11:00 am. The Annual General Meeting of BHP Billiton Plc will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, on Thursday 25 November 2004 commencing at 10:30 am. The Annual Report and details of the business to be conducted at the meetings will be mailed to shareholders in late September 2004.

### Growth Projects

Seven projects reached the commissioning stage during the current period. With costing yet to be finalised on some of those projects, total capital expenditure throughout the development phase of these projects was approximately US\$1,857 million, which is US\$80 million or 4.1% below budget.

### Completed projects

Customer Sector Group	Project	Production (1)	Capital expenditure (US\$ million) (1)		Date of initial production (2)	
			Budget	Actual	Target	Actual
Petroleum	Ohanet (Algeria)  BHP Billiton - 45%	21,150 barrels of oil equivalent per day	464	464 <sup>(3)</sup>	Q4 2003	Q4 2003
Aluminium	Hillside 3 (South Africa)  BHP Billiton - 100%	132,000 tonnes per annum of aluminium metal	449	411	Q2 2004	Q4 2003
Carbon Steel Materials	Products & Capacity Expansion (Australia)  BHP Billiton - 85%	Increase export capacity to 100 million tonnes per annum of iron ore (100%)	299	270 <sup>(3)</sup>	Q2 2004	Q1 2004
	Area C (Australia)	12.75 million tonnes per annum of iron	181	171	Q4 2003	Q3 2003

Edgar Filing: BHP BILLITON LTD - Form 6-K

	BHP Billiton - 85%	ore				
	WA iron ore Accelerated Expansion (Australia) BHP Billiton - 85%	Increase system capacity to 100 million tonnes per annum (100%)	83	80	Q2 2004	Q2 2004
Energy Coal	Mt Arthur North (Australia) BHP Billiton - 100%	12.1 million tonnes per annum of saleable energy coal	411	411 <sup>(3)</sup>	Q4 2003	Q4 2003
	Cerrejon Zona Norte (Colombia) BHP Billiton - 33.3%	28 million tonnes per annum of saleable energy coal by 2008 (100%)	50	50 <sup>(3)</sup>	Q1 2004	Q1 2004
			1,937	1,857		

(1) All references to capital expenditure and production volumes are BHP Billiton's share unless noted otherwise.

(2) References to quarters and half years are based on calendar years.

(3) Total project costs yet to be finalised. Share of actual capital expenditure is indicative only.

There are 14 major projects under development (defined as BHP Billiton capital expenditure share of greater than US\$100 million). Full details on these are given in the quarterly Exploration and Development Report, released on Friday 28 July 2004.

Projects approved during the year

Customer Sector Group	Project	Production (1)	Budgeted capital expenditure	Target date for initial production
-----------------------	---------	-------------------	------------------------------	------------------------------------

Edgar Filing: BHP BILLITON LTD - Form 6-K

			(US\$ million) (1)	(2)
Aluminium	Worsley Development Capital Projects  (Australia)  BHP Billiton - 86%	250,000 tonnes per annum (100%) of alumina	165	Q1 2006
Base Metals	Escondida Sulphide Leach  (Chile)  BHP Billiton - 57.5%	180,000 tonnes of copper cathode per annum (100%)	500	H2 2006
Diamonds and Specialty Products	Panda Underground  (Canada)  BHP Billiton - 80%	4.7 million carats of high value Panda diamonds over six years (100%)	146	Early 2005
Stainless Steel Materials	Ravensthorpe Nickel  (Australia)  BHP Billiton - 100%	Up to 50,000 tonnes per annum contained nickel in concentrate	1,050	Q2 2007
	Yabulu Extension  (Australia)  BHP Billiton - 100%	45,000 tonnes per annum of nickel	350	End 2007
			2,211	

(1) All references to capital expenditure and production volumes are BHP Billiton's share unless noted otherwise.

(2) References to quarters and half years are based on calendar years.

## Projects currently under development (approved in prior years)

Customer Sector Group	Project	Production (1)	Budgeted capital expenditure (US\$ million) (1)	Target date for initial production (2)
Petroleum	Mad Dog (US) BHP Billiton - 23.9%	20,700 barrels of oil equivalent per day	335	End 2004
	Atlantis (US) BHP Billiton - 44%	79,200 barrels of oil equivalent per day	1,100	Q3 2006
	ROD (Algeria) BHP Billiton - 36%	28,800 barrels of oil equivalent per day	192	Q4 2004 <sup>(3)</sup>
	Angostura (Trinidad) BHP Billiton - 45%	45,000 barrels of oil equivalent per day	327	End 2004
	North West Shelf Train 4 (Australia) BHP Billiton - 16.7%	4.2 million tonnes per annum of LNG liquification processing facility (100%)	247	Mid 2004
	Gulf of Mexico Pipelines Infrastructure (US) BHP Billiton - Gas 22%; Oil 25%	Capacities of Oil - 450,000 bbl/day (100%) Gas - 500 million standard cubic feet per day (100%)	100	Q4 2004
	Minerva (Australia) BHP Billiton - 90%	150 terrajoules of gas per day	150 <sup>(4)</sup>	Q4 2004 <sup>(4)</sup>

Base Metals	Escondida Norte (Chile)  BHP Billiton - 57.5%	Maintain capacity at 1.25 million tonnes per annum of copper (100%)	230	Q4 2005
Carbon Steel Materials	Dendrobium (Australia)  BHP Billiton - 100%	5.2 million tonnes per annum of raw met coal (3.6 million tonnes per annum of clean met coal)	170	Mid 2005
			2,851	

(1) All references to capital expenditure and production volumes are BHP Billiton's share unless noted otherwise.

(2) References to quarters and half years are based on calendar years.

(3) Following delays in procurement of some equipment and materials, and below expected construction productivity, first oil is now scheduled for Q4 2004 (original target Q1 2004).

(4) Following a review of contractual arrangements relating to the design and construction of the Minerva development, initial production is now expected in Q4 2004 (original target end Q1 2004), and BHP Billiton's share of capital expenditure was increased from US\$123 million to US\$150 million.

## OPERATING REVIEW

### EBIT

The following table details the approximate impact of major factors affecting EBIT (excluding exceptional items) for the year ended 30 June 2004 compared with the corresponding period.

	US\$M
EBIT excluding exceptional items for the year ended 30 June 2003	3 481
Change in volumes	180
Change in sales prices	3 145
Price-linked costs	(325)

Inflation on costs	(300)
Costs	70
New operations	55
Ceased and sold operations	75
Asset sales	60
Exchange rates	(775)
Exploration	(85)
Other items	(93)
EBIT excluding exceptional items for the year ended 30 June 2004	5 488

### Volumes

Higher sales volumes of copper, iron ore, aluminium, natural gas, LPG, manganese ore, metallurgical coal and diamonds were partially offset by lower oil and titanium feedstock product volumes. This resulted in a net positive impact on EBIT of approximately US\$180 million.

### Prices

Higher commodity prices increased EBIT by approximately US\$3,145 million with copper, nickel, petroleum products, aluminium, export energy coal, ferrochrome and iron ore prices having significant contributions.

### Costs

Higher price-linked costs decreased EBIT by approximately US\$325 million, mainly due to increased taxes on petroleum products, and higher LME-linked costs. Inflationary and other input cost pressures, principally in South Africa and Australia, increased costs by approximately US\$300 million. These factors were partially offset by favourable operating cost performance of approximately US\$70 million.

### New operations

New operations increased EBIT by approximately US\$55 million mainly due to the commencement of commercial production from the Ohanet wet gas development in Algeria from October 2003.

### Ceased and sold operations

Ceased and sold operations had a favourable impact on EBIT of approximately US\$75 million. This mainly reflects the impact of divested assets including the Group's petroleum assets in Bolivia, the Alubrera copper/gold mine in Argentina, and our 33.3% interest in the Highland Valley Copper mine.

Asset sales

Asset sales favourably impacted EBIT by approximately US\$60 million mainly due to the sale of non-core assets in the current period, including a non-core royalty interest in December 2003 and sales of non-core mineral rights.

Exchange rates

The unfavourable exchange rate impact on EBIT of US\$775 million was primarily due to stronger A\$/US\$ and rand/US\$ average exchange rates on operating costs which had an unfavourable impact on EBIT of approximately US\$915 million. The conversion of rand and Australian dollar denominated net monetary liabilities at balance sheet date had a favourable impact of approximately US\$65 million on EBIT, which was mainly due to the closing A\$/US\$ exchange rate appreciating 3.4% during the current period compared with an appreciation of 17.7% in the corresponding period. Gains on legacy A\$/US\$ currency hedging of US\$39 million in the current period had a favourable impact of US\$125 million compared to losses of US\$86 million in the corresponding period.

Exploration

Exploration expense was approximately US\$85 million higher than the prior period. Gross exploration expenditure was US\$454 million, comprising petroleum exploration of US\$340 million and minerals exploration of US\$114 million, compared with US\$348 million in the corresponding period.

CUSTOMER SECTOR GROUP SUMMARY

The following table provides a summary of the Customer Sector Group results for the year ended 30 June 2004 and the corresponding period (before exceptional items).

Year ended 30 June (US\$ Million)	Turnover			EBIT		
	(1)	(1)	(1)	(1)	(1)	(1)
	J004	J003	Change %	J004	J003	Change %
Petroleum	M 558	K 264	O0.3%	I 391	I 178	I8.1%
Aluminium	L 432	K 386	K0.9%	O76	M81	K3.6%
Base Metals	K 422	I 954	O5.1%	I 156	J86	K04.2%
Carbon Steel Materials	L 857	K 714	K0.8%	I 137	I 045	8.8%



Edgar Filing: BHP BILLITON LTD - Form 6-K

Diamonds and Specialty Products	I 710	I 485	I5.2%		L10	J99	K7.1%	
Energy Coal	J 569	J 089	J3.0%		J34	I98	I8.2%	
Stainless Steel Materials	I 749	I 106	M8.1%		M71	I50	J80.7%	
Group and unallocated items <sup>(3)</sup>	I 796	I 014	O7.1%		(187)	(256)	N/A	
BHP Billiton Group <sup>(2)</sup>	J4 943	I7 506	L2.5%		M 488	K 481	M7.7%	

(1) Turnover and EBIT include trading activities comprising the sale of third party product.

(2) BHP Billiton Group turnover is stated after the elimination of intersegment transactions.

(3) Includes consolidation adjustments, unallocated items and the Group's freight, transport and logistics operations and associated third party activity, much of which are transactions with other Customer Sector Groups.

An explanation of the factors influencing EBIT, including the Group's share of joint ventures and associates, by Customer Sector Group, is as follows:

## Petroleum

Petroleum contributed EBIT of US\$1,391 million, up from US\$1,178 million, an increase of 18.1% compared with the corresponding period.

The increase in EBIT was primarily due to stronger prices for crude oil (2004 - US\$32.24/bbl; 2003 - US\$28.14/bbl) and natural gas (2004 - US\$2.62 per thousand standard cubic feet; 2003 - US\$2.21 per thousand standard cubic feet), new production from Ohanet (Algeria) and Boris (US), and a smaller loss on foreign exchange. These factors were partially offset by lower oil volumes, higher price-linked costs and increased exploration expenditure.

The conversion of Australian dollar denominated net monetary liabilities at 30 June 2004, mainly resource rent tax, had a smaller negative impact on EBIT compared to the corresponding period. The prior year was also negatively impacted by a write down of the Group's Bolivian assets, due to a government driven change to fiscal arrangements.

Overall, production of petroleum products on a barrel of oil equivalent basis increased by 1% from 121.8 million barrels to 122.5 million barrels. Oil and condensate production declined by 12% from 65.9 million barrels to 58.0 million barrels, but natural gas production (including LNG) increased by 15% from 281.2 billion cubic feet to 324.3 billion cubic feet. Gross exploration expenditure for the period of US\$340 million was US\$97 million higher than the corresponding period reflecting increased exploration activity in the Gulf of Mexico (US), Trinidad and Tobago and Western Australia. Due to successful drilling results, the capitalisation rate increased to 46.8% from 36.6% in the

corresponding period.

### Aluminium

Aluminium contributed EBIT of US\$776 million, up from US\$581 million, an increase of 33.6% compared with the corresponding period.

The increase in EBIT was mainly attributable to higher realised prices for aluminium and alumina. Average LME aluminium prices increased to US\$1,570 per tonne, compared with US\$1,360 per tonne in the corresponding period. Higher sales volumes from Mozal 2 (Mozambique) and Hillside 3 (South Africa) following full commissioning in August 2003 and December 2003 respectively, also had a favourable impact on EBIT.

These factors were partially offset by the unfavourable impact on operating costs of strengthening A\$/US\$, rand/US\$ and Brazilian real/US\$ average exchange rates, higher LME price-linked costs, increased transportation costs and inflationary pressure in Brazil.

### Base Metals

Base Metals contributed EBIT of US\$1,156 million, up from US\$286 million, an increase of US\$870 million compared with the corresponding period.

This increase in EBIT is mainly attributed to higher average realised prices for copper (2004 - US\$1.14lb; 2003 - US\$0.73lb), silver, lead and zinc. Record production was achieved at Escondida where de-bottlenecking continues as the operation moves towards full capacity. The improvement in the copper market allowed sulphide operations at Tintaya (Peru) to resume in August 2003, returning to full capacity during the current calendar year. Record production was also achieved at Cannington, and production of zinc at Antamina (Peru) was significantly higher.

These factors were partially offset by the unfavourable impact on operating costs of stronger A\$/US\$ and Chilean peso/US\$ average exchange rates, higher operating and maintenance costs at Escondida, and higher production costs at Antamina. The prior year included the results of the Alumbreira mine, which was sold effective April 2003.

### Carbon Steel Materials

Carbon Steel Materials contributed EBIT of US\$1,137 million, up from US\$1,045 million, an increase of 8.8% compared with the corresponding period.

The increase in EBIT was mainly attributable to stronger commodity prices, record production and sales volumes at Western Australian iron ore operations, and higher sales at both Queensland coal and Australian manganese ore operations. Local currency unit cost performance improved at Western Australian iron ore, as a result of ongoing cost efficiency programs and increased production.

The EBIT improvements above were partially offset by the unfavourable impact of stronger A\$/US\$ and rand/US\$ average exchange rates and inflationary pressure on Australian and South African operations compared with the corresponding period. Depreciation charges increased at Western Australian iron ore operations following the completion of the Area C and Products and Capacity Expansion projects, and stripping and demurrage costs were higher at Queensland coal and Western Australian iron ore operations.

### Diamonds and Specialty Products

Diamonds and Specialty Products contributed EBIT of US\$410 million, up from US\$299 million, an increase of 37.1% compared with the corresponding period.

The increase in EBIT was mainly attributable to higher realised prices for diamonds and Integris metal products, (a reflection of strong market conditions), profits realised on the sale of a non-core royalty interest (US\$37 million), and higher diamond sales volumes.

These factors were partially offset by higher price-linked costs at Integris Metals (US), lower titanium feedstock volumes, higher depreciation charges at Ekati and the unfavourable impact of stronger rand/US\$ average exchange rates on operating costs.

### Energy Coal

Energy Coal contributed EBIT of US\$234 million, up from US\$198 million, an increase of 18.2% compared with the corresponding period.

The increase in EBIT was mainly due to improved export prices resulting from strong demand in both the Atlantic and Pacific markets, cost savings driven by integration synergies and business improvement programs at Cerrejon Coal (Colombia), and increased sales volumes from Australian and Colombian operations.

This was partially offset by the unfavourable impact on net operating costs of stronger rand/US\$ and A\$/US\$ average exchange rates, and higher unit costs at Ingwe (South Africa) reflecting lower export sales volumes, higher contractor costs, and South African inflationary pressures. Increased demurrage costs at Ingwe and Hunter Valley (Australia) also had an unfavourable impact on EBIT. In addition, exploration expenditure previously capitalised has been written off.

### Stainless Steel Materials

Stainless Steel Materials contributed EBIT of US\$571 million, up from US\$150 million, an increase of US\$421 million compared with the corresponding period.

The increase in EBIT was driven by higher realised prices for nickel (2004 - US\$5.49lb; 2003 - US\$3.46lb), and ferrochrome. Profits from the sale of mineral rights in South Africa (US\$30 million), and record production at nickel operations achieved through ongoing improvement programs at both Cerro Matoso (Colombia) and the QNI Yabulu refinery (Australia), also had a favourable impact on EBIT.

These factors were partially offset by the unfavourable impact on operating costs of stronger rand/US\$ and A\$/US\$ average exchange rates, higher price-linked ore supply costs to the QNI Yabulu refinery and higher royalties at Cerro Matoso. In addition, increased shipping costs, higher oil and coking coal prices, and inflationary pressures in South Africa had an unfavourable impact on EBIT.

### Group and Unallocated Items

Net corporate operating costs, excluding gains and losses from legacy A\$/US\$ currency hedging and other exchange impacts, were US\$258 million, a decrease of US\$9 million compared to US\$267 million in the corresponding period. The underlying decrease in costs was partially offset by the impact of asset sales and other one-off items in the corresponding period.

Gains on legacy A\$/US\$ currency hedging were approximately US\$39 million during the current period, compared with losses of approximately US\$86 million in the corresponding period.

## FINANCIAL INFORMATION

### Contents

Consolidated Profit and Loss Account	17
Consolidated Balance Sheet	19
Consolidated Statement of Total Recognised Gains and Losses	19
Consolidated Statement of Cash Flows	20
Notes to the Financial Information	22

The financial information in this document for the year ended 30 June 2004 is unaudited, has been derived from the draft financial statements of BHP Billiton Plc and does not constitute the statutory accounts of BHP Billiton Plc for that year.

The financial information set out on pages 17 to 29 has been prepared on the same basis and using the same accounting policies as were applied in drawing up the financial information contained in the accounts of BHP Billiton Plc for the year ended 30 June 2003 except for the change in accounting policy for employee share awards described in Note 1. Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

In the opinion of the Directors, the financial information for the year ended 30 June 2004 presents fairly the financial position, results of operations and cash flows for the year in conformity with UK generally accepted accounting principles (GAAP). The financial information for the year ended 30 June 2003 has been derived from the audited financial statements of BHP Billiton Plc for that period as filed with the UK Registrar of Companies and does not constitute the statutory accounts of BHP Billiton Plc for that period. The auditors' report on the statutory accounts for the year ended 30 June 2003 was unqualified and did not contain statements under Section 237 (2) (regarding adequacy of accounting records and returns) or under Section 237 (3) (provision of necessary information and

explanations) of the United Kingdom Companies Act 1985. The statutory accounts for the year ended 30 June 2004 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the UK Registrar of Companies following the Annual General Meeting.

The combined results for the year ended 30 June 2004, prepared in accordance with UK GAAP, are generally consistent with the combined results under Australian GAAP as required by the Australian Securities and Investments Commission in respect of dual listed companies, except for the impact of accounting for deferred taxation. Financial results prepared in accordance with Australian GAAP are provided on page 30 to 31.

#### Consolidated Profit and Loss Account

For the year ended 30 June 2004

		Year ended 30 June 2004		
		Excluding exceptional items	Exceptional items (Note 2)	Total
	Notes	US\$M	US\$M	US\$M
Turnover (including share of joint ventures and associates)		18 283	-	18 283
Group production	3	6 660	-	6 660
Third party products				
less	3	24 943	-	24 943
Share of joint ventures' and associates' turnover included above		(2 056)	-	(2 056)
Group turnover		22 887	-	22 887
Net operating costs	2	(17 960)	66	(17 894)
Group operating profit		4 927	66	4 993
Share of operating profit of joint ventures and associates		425	-	425
Operating profit (including share of profit of joint		5 352	66	5 418

ventures and associates)				
Comprising:				
Group production		5 319	66	5 385
Third party products	3	33	-	33
		5 352	66	5 418
Income from other fixed asset investments		35	-	35
Profit on sale of fixed assets		95	-	95
Profit on sale of operations		6	-	6
Loss on sale of discontinued operations (a)	2	-	-	-
Loss on termination of operations (b)	2	-	(534)	(534)
Profit/(loss) before net interest and similar items payable and taxation		5 488	(468)	5 020
Net interest and similar items payable				
Group	4	(407)	-	(407)
Joint ventures and associates	4	(95)	-	(95)
Profit/(loss) before taxation	3	4 986	(468)	4 518
Taxation	2	(1 379)	337	(1 042)
Profit/(loss) after taxation		3 607	(131)	3 476
Equity minority interests		(97)	-	(97)
Profit/(loss) for the financial year (attributable profit)		3 510	(131)	3 379
Dividends to shareholders	5	(1 617)	-	(1 617)
Retained profit/(loss) for the financial year		1 893	(131)	1 762

Edgar Filing: BHP BILLITON LTD - Form 6-K

Earnings per ordinary share (basic) (US cents)	6	56.4	(2.1)	54.3
Earnings per ordinary share (diluted) (US cents)	6	56.2	(2.1)	54.1
Dividend per ordinary share (US cents)				26.0

Consolidated Profit and Loss Account

continued

		Year ended 30 June 2003		
		Excluding exceptional items	Exceptional items (Note 2)	Total
	Notes	US\$M	US\$M	US\$M
Turnover (including share of joint ventures and associates)		14 124	-	14 124
Group production	3	3 382	-	3 382
Third party products	3	17 506	-	17 506
less		(1 898)		(1 898)
Share of joint ventures' and associates' turnover included above				
Group turnover		15 608	-	15 608
Net operating costs	2	(12 554)	-	(12 554)
Group operating profit		3 054	-	3 054
Share of operating profit of joint ventures and associates		358	-	358

## Edgar Filing: BHP BILLITON LTD - Form 6-K

Operating profit (including share of profit of joint ventures and associates)		3 412	-	3 412
Comprising:				
Group production		3 361	-	3 361
Third party products	3	51	-	51
		3 412	-	3 412
Income from other fixed asset investments		16	-	16
Profit on sale of fixed assets		46	-	46
Profit on sale of operations		7	-	7
Loss on sale of discontinued operations (a)	2	-	(19)	(19)
Loss on termination of operations (b)	2	-	-	-
Profit/(loss) before net interest and similar items payable and taxation		3 481	(19)	3 462
Net interest and similar items payable				
Group	4	(444)	-	(444)
Joint ventures and associates	4	(93)	-	(93)
Profit/(loss) before taxation	3	2 944	(19)	2 925
Taxation	2	(984)	-	(984)
Profit/(loss) after taxation		1 960	(19)	1 941
Equity minority interests		(40)	-	(40)
Profit/(loss) for the financial year (attributable profit)		1 920	(19)	1 901
Dividends to shareholders	5	(900)	-	(900)



Edgar Filing: BHP BILLITON LTD - Form 6-K

Retained profit/(loss) for the financial year		1 020	(19)	1 001
Earnings per ordinary share (basic) (US cents)	6	30.9	(0.3)	30.6
Earnings per ordinary share (diluted) (US cents)	6	30.9	(0.3)	30.6
Dividend per ordinary share (US cents)				14.5

(a) All the items in the Profit and Loss Account relate to Continuing Operations other than the loss on the sale of Discontinued Operations (refer Note 2).

(b) In the year ended 30 June 2004, the exceptional loss on termination of operations includes US\$425 million relating to the refinement of the closure provisions for the Southwest Copper operations (refer Note 2).

### Consolidated Balance Sheet

As at 30 June 2004

		As at 30 June 2004	As at 30 June 2003  (Restated - refer Note 1)
	Notes	US\$M	US\$M
Fixed assets			
Intangible assets			
Goodwill		34	36
Negative goodwill		(26)	(29)
		8	7
Tangible assets		20 971	19 809
Investments			

## Edgar Filing: BHP BILLITON LTD - Form 6-K

Joint ventures - share of gross assets		2 951	2 880
Joint ventures - share of gross liabilities		(1 582)	(1 477)
		1 369	1 403
Loans to joint ventures and other investments		361	441
Total fixed assets		22 709	21 660
Current assets			
Stocks		1 760	1 379
Debtors			
Amounts due within one year		2 924	2 224
Amount due after more than one year		1 482	1 405
		4 406	3 629
Investments		167	143
Cash including money market deposits	7	1 818	1 552
Total current assets		8 151	6 703
Creditors - amounts falling due within one year		(4 935)	(4 207)
Net current assets		3 216	2 496
Total assets less current liabilities		25 925	24 156
Creditors - amounts falling due after more than one year		(5 987)	(6 849)
Provisions for liabilities and charges		(5 558)	(4 898)
Net assets		14 380	12 409
Equity minority interests		(342)	(318)
Attributable net assets		14 038	12 091

Edgar Filing: BHP BILLITON LTD - Form 6-K

Capital and reserves			
Called up share capital - BHP Billiton Plc		1 234	1 234
Share premium account		518	518
Contributed equity - BHP Billiton Limited		1 851	1 785
Profit and loss account		10 461	8 580
Interest in shares of BHP Billiton	1		