

BHP Billiton (UK) Limited

Directors' report and financial statements

30 June 2003

Registered number 2897874



Directors' report and financial statements

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2003.

Principal activity

The principal activity of the Company is the holding of investments. The business of the Company has not changed during the year and the Directors do not anticipate any forthcoming changes.

Results and activities

The results of the Company for the year ended 30 June 2003, show a retained profit of USD 7 642 600 (2002 : loss USD (8 228)). No dividends were paid nor declared during the year.

Post Balance Sheet events

An interim dividend of USD 15 496 000 was declared from the profits for the year ended 30 June 2003 on 6 August 2003 and paid on 6 August 2003.

BHP Billiton (UK) Limited made an investment in BHP Billiton South African Finance by subscribing for 22 633 743 Ordinary shares of USD 1 each at par plus share premium of USD 9 per share, to the total value of USD 226 337 430. BHP Billiton Finance B.V. had agreed to grant the Company a loan facility of USD 400 000 000, at LIBOR plus 0.5% to allow the Company to subscribe for shares in BHP Billiton South African Finance.

Fixed assets

Details of fixed assets are shown in note 7 to the financial statements.

Directors and Directors' interests

The Directors who held office during the period were as follows:

C L Smit	(resigned 27 June 2003)
E A Hobley	(appointed 26 June 2003)
W B Smith	

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company or the immediate holding company, BHP Billiton Group Limited. Directors' interests in the shares of the parent company, BHP Billiton Plc, were as follows:

	26 June 2003		30 June 2003	
	Shares	Share Schemes	Shares	Share Schemes
E A Hobley	-	6 857	-	6 857

An award of shares under the BHP Billiton Plc Group Incentive Scheme was granted on 12 November 2002. There were no exercises during the year. Details of each of the BHP Billiton Plc Share Schemes in operation can be found in their report and accounts and copies can be obtained by contacting the registered office of that company.

At 30 June 2002, Mr Smith held 577 ordinary shares and 106 263 Options in BHP Billiton Limited. At 30 June 2003, Mr Smith held 577 ordinary shares in BHP Billiton Limited. An award of shares under the BHP Billiton Limited Group Incentive Scheme was granted on 12 November 2002. At 30 June 2003, Mr Smith held 125 679 Options. The exercise price on Mr Smith's Options was adjusted on issue on 5 July 2002 as a result of the BHP Steel demerger capital reduction. Fully paid ordinary shares were not entitled to bonus shares in BHP Billiton Limited but received one BHP Steel share for every five BHP Billiton Limited shares held.

Mr Smith's share interests in BHP Billiton Limited are not required to be disclosed in this Company's Report and Accounts but in the interest of good corporate governance, as a result of the dual listed companies merger between BHP Billiton Plc and BHP Billiton Limited, the Company has taken the lead from BHP Billiton Plc on disclosure. Details of the BHP Billiton Limited Share Schemes can be found in the report and accounts of that company and copies can be obtained by contacting the registered office of BHP Billiton (UK) Limited.

Directors' report *(continued)*

Auditors

Elective resolutions to dispense with the holding of Annual General Meetings, the lodging of accounts before the Company in General Meeting and the appointment of auditors annually were passed on 03 June 1998. KPMG Audit Plc will therefore be deemed to have been reappointed at the end of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment is brought to an end.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the financial statements comply with above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



W B Smith
Director

Neathouse Place
London
SW1V 1BH

05 February 2004

Independent auditors' report to the members of BHP Billiton (UK) Limited

We have audited the financial statements on pages 5 to 11.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Directors' report and, as described on page 3 the financial statements, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

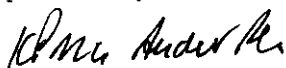
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y8BB

10 February 2004

Profit and loss account
for the year ended 30 June 2003

USD	Note	<u>2003</u>	<u>2002</u>
Other operating income		140 140	-
Other operating expenses		<u>(1 411)</u>	<u>(4 309)</u>
Operating profit/(loss)		138 729	(4 309)
Income from shares in group undertakings		23 000 000	-
Interest receivable and similar income	3	293	-
Interest payable and similar charges	4	<u>(422)</u>	<u>(3 919)</u>
Profit/(loss) on ordinary activities before taxation	5	23 138 600	(8 228)
Tax on profit/(loss) on ordinary activities	6	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		23 138 600	(8 228)
Dividends payable		<u>(15 496 000)</u>	<u>-</u>
Retained profit/(loss) for the year		<u>7 642 600</u>	<u>(8 228)</u>

The above results are from continuing operations.

There is no difference between the profit before taxation and the retained profit for the year, and their historical equivalents.

Statement of recognised gains and losses

The Company made no other gains or losses in the year other than those shown in the profit and loss account; therefore no separate statement has been prepared.

Balance sheet
as at 30 June 2003

USD	<i>Note</i>	<u>2003</u>	<u>2002</u>
Fixed assets			
Investments in subsidiary companies	7	3 400 008	3 400 008
Amounts owing by group companies		<u>5 124 668</u>	<u>-</u>
		8 524 676	3 400 008
Current assets			
Debtors	8	<u>23 000 000</u>	<u>-</u>
		23 000 000	-
Creditors: Amounts falling due within one year	9	<u>(16 088 007)</u>	<u>(590 596)</u>
Net current assets/(liabilities)		<u>6 911 993</u>	<u>(590 596)</u>
Total assets less current liabilities		15 436 669	2 809 412
Creditors: Amounts falling due after more than one year	10	<u>(13 237 156)</u>	<u>(8 252 499)</u>
Net assets/(liabilities)		<u>2 199 513</u>	<u>(5 443 087)</u>
Capital and reserves			
Called up share capital	11	139	139
Share premium account	12	2 199 861	2 199 861
Profit and loss account	12	<u>(487)</u>	<u>(7 643 087)</u>
Equity shareholders' funds		<u>2 199 513</u>	<u>(5 443 087)</u>

These financial statements were approved by the Board of Directors on 05 February 2004 and were signed on its behalf by:



W B Smith
Director

Cash flow statement

BHP Billiton (UK) Limited is a wholly owned subsidiary and is therefore exempt from the preparation of its own cash flow statement.

Reconciliation of movement in shareholders' funds

for the year ended 30 June 2003

USD	<u>2003</u>	<u>2002</u>
Profit/(loss) for the financial year	<u>7 642 600</u>	<u>(8 228)</u>
Net addition in shareholders' funds	7 642 600	(8 228)
Opening shareholders' funds	<u>(5 443 087)</u>	<u>(5 434 859)</u>
Closing shareholders' funds	<u>2 199 513</u>	<u>(5 443 087)</u>

Notes

(forming part of the financial statements)

1. Accounting policies

The financial statements have been prepared under the historical cost conventions and in accordance with applicable United Kingdom accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with applicable accounting standards under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

Taxation

The Company complies with FRS 19 "Deferred Tax" which requires the Company to fully provide for deferred corporation tax on all timing differences which have arisen but have not reversed at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future.

Fixed assets

Investments are stated at cost less provision for permanent diminution in value.

Foreign currencies

The Company's reporting currency is US Dollars as this is the dominant currency in which the Company operates. Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Related party disclosures

As the Company is a wholly owned subsidiary of BHP Billiton Group Limited and voting rights are controlled within the group headed by BHP Billiton Plc the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group, or investees of the group qualifying as related parties. The consolidated financial statements of BHP Billiton Plc, within which this Company is included, can be obtained from the address given in note 13.

2. Remuneration of Directors

No remuneration was paid to the Directors of the Company during the year (2002: \$nil).

USD	<u>2003</u>	<u>2002</u>
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3. Interest receivable and similar income

Other	<u>293</u>	<u>-</u>
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Notes *(continued)*

USD	<u>2003</u>	<u>2002</u>
4. Interest payable and similar charges		
Other	422	531
Net exchange losses	-	3 388
	<u>422</u>	<u>3 919</u>

USD	<u>2003</u>	<u>2002</u>
5. Profit/(Loss) on ordinary activities before tax		
Profit/(Loss) on ordinary activities before tax is stated after charging:		
Expenditure		
Auditors' remuneration		
Audit	1 411	4 231

USD	<u>2003</u>	<u>2002</u>
6. Tax on profit/(loss) on ordinary activities		
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	23 138 600	(8 228)
• Tax thereon at 30% (2002 : 30%)	6 941 580	(2 468)
• Non deductible expenses	-	924
• Exempt income (Intercompany loan forgiven)	(14 140)	-
• Group relief (utilised)/available for surrender	<u>(6 927 440)</u>	<u>1 544</u>
Tax provision	<u>-</u>	<u>-</u>

United Kingdom taxation

The Company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. No corporation tax has been provided for because other companies in the group have undertaken to surrender free group relief to the extent it is required.

There are no timing differences that result in a provision for deferred tax for either the year ended 30 June 2003 or the year ended 30 June 2002.

Notes (continued)

USD	<u>2003</u>	<u>2002</u>
7. Investments in subsidiary companies		
Cost		
At beginning and end of year	4 281 137	4 281 137
Provisions		
At beginning and end of year	<u>(881 129)</u>	<u>(881 129)</u>
Net book value		
At beginning and end of year	<u>3 400 008</u>	<u>3 400 008</u>

Subsidiary companies

Name	Country of incorporation	Nature of business	Description of shares	Ownership
BHP Billiton Aluminium Limited	England	Provision of services	Ordinary	100%
BHP Billiton International Development Limited	England	Provision of services	Ordinary	100%
Billiton International Nickel Limited	England	Provision of services	Ordinary	100%
BHP Billiton International Services Limited	England	Provision of services	Ordinary	100%
Elyplac Limited	England	Holding company	Ordinary	100%

In the opinion of the Directors the investments in and amounts due from the Company's subsidiary undertakings, are worth at least the amounts at which they are stated in the balance sheet.

USD	<u>2003</u>	<u>2002</u>
8. Debtors		
Amounts owed by group undertakings	<u>23 000 000</u>	<u>-</u>
	<u>23 000 000</u>	<u>-</u>

USD	<u>2003</u>	<u>2002</u>
9. Creditors: Amounts falling due within one year		
Amounts owed to group undertakings	591 859	590 448
Other creditors	148	148
Provision for dividends	<u>15 496 000</u>	<u>-</u>
	<u>16 088 007</u>	<u>590 596</u>

The amounts owed to fellow Group undertakings include a loan provided by BHP Billiton Finance BV.

The loan is interest bearing and repayable on demand. Interest is charged at LIBOR + 1.5 per cent. Lender and borrower are parties to a credit arrangement between the Group and a consortium of banks.

Notes (continued)

USD	<u>2003</u>	<u>2002</u>
10. Creditors: Amounts falling due after more than one year		
Amounts owed to group undertakings	<u>13 237 156</u>	<u>8 252 499</u>
	<u>13 237 156</u>	<u>8 252 499</u>
	<u>2003</u>	<u>2002</u>
11. Called up share capital		
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
<i>Allotted, called up and fully paid</i>		
89 ordinary shares of £1 each	<u>£89</u>	<u>£89</u>
<i>Allotted, called up and fully paid</i>		
89 ordinary shares of £1 each at historic rate of exchange	<u>\$139</u>	<u>\$139</u>
USD	<u>2003</u>	<u>2002</u>
12. Share premium and reserves		
	<i>Profit and loss account</i>	<i>Share premium account</i>
At beginning of year	(7 643 087)	2 199 861
Retained profit for the year	<u>7 642 600</u>	<u>-</u>
At end of year	<u>(487)</u>	<u>2 199 861</u>

13. Ultimate parent company and parent undertaking of larger Group of which the Company is a member

The Company is a wholly owned subsidiary of BHP Billiton Group Limited, a company incorporated in England.

The ultimate holding company of BHP Billiton (UK) Limited is BHP Billiton Plc, a company listed on the London Stock Exchange.

The registered office of BHP Billiton Plc is Neathouse Place, London SW1V 1BH.