

BHP BILLITON LTD
Form 20-F
December 23, 2002
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b)
OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL
YEAR ENDED JUNE 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Commission file number: 0-15496

BHP BILLITON LIMITED (ABN 49 004 028 077)
(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA
(Jurisdiction of incorporation or organization)

BHP TOWER, 600 BOURKE STREET, MELBOURNE, VICTORIA 3000 AUSTRALIA
(Address of principal executive offices)

Securities registered or to be registered
pursuant to section 12 (b) of the Act.

Title of each Class

Name of Exchange on which Registered

Ordinary Shares

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Fully Paid Ordinary Shares

3,724,893,687

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

Table of Contents**CONTENTS**

	Page
<u>FORWARD LOOKING STATEMENTS</u>	1
<u>GLOSSARY OF TERMS</u>	2
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	5
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	6
<u>ITEM 3. KEY INFORMATION</u>	7
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	20
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	112
<u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	150
<u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	175
<u>ITEM 8. FINANCIAL INFORMATION</u>	178
<u>ITEM 9. THE OFFER AND LISTING</u>	181
<u>ITEM 10. ADDITIONAL INFORMATION</u>	183
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	198
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	198
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	199
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	199
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	199
<u>ITEM 16. [RESERVED]</u>	199
<u>ITEM 17. FINANCIAL STATEMENTS</u>	200
<u>ITEM 18. FINANCIAL STATEMENTS</u>	200
<u>ITEM 19. EXHIBITS</u>	200

Table of Contents

In this annual report, the terms we, our, us, BHP Billiton and BHP Billiton Group refer to BHP Billiton Limited and BHP Billiton Plc, together with their respective subsidiaries. BHP Billiton Plc Group refers to the group that is BHP Billiton Plc and its subsidiary companies. BHP Billiton Limited Group refers to the group that is BHP Billiton Limited and its subsidiary companies. BHP Billiton Plc refers to the parent entity that was formerly Billiton Plc before the implementation of the DLC structure and BHP Billiton Limited refers to the parent entity that was formerly BHP Limited before the DLC structure.

Table of Contents

FORWARD LOOKING STATEMENTS

This annual report contains forward-looking statements, including statements regarding:

- estimated reserves;
- plans, strategies and objectives of management;
- closure or divestment of certain operations or facilities (including associated costs);
- anticipated production or construction commencement dates;
- expected costs or production output;
- the anticipated productive lives of projects, mines and facilities; and
- contingent liabilities.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause actual results to differ materially from those expressed in the statements contained in this annual report.

For example, our future revenues from our operations, projects or mines described in this annual report will be based, in part, upon the market price of the minerals, metals or petroleum produced, which may vary significantly from current levels. Such variations, if materially adverse, may impact the timing of the feasibility of the development of a particular project, or the expansion of certain facilities or mines. Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets, the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce, activities of government authorities in certain of the countries where we are exploring or developing these projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty and other factors identified in the risk factors listed above. We cannot assure you that our estimated reserve figures, closure or divestment of such operations or facilities, including associated costs, actual production or commencement dates, cost or production output, or anticipated lives of the projects, mines and facilities discussed in this annual report will not differ materially from the statements contained in this annual report.

This annual report contains forward-looking statements relating to the combination of the operations of BHP Billiton Plc and BHP Billiton Limited through the implementation of the DLC structure. These forward-looking statements may later prove to be inaccurate due to circumstances and risks, known and unknown, the effect of which cannot be foreseen.

Table of Contents

GLOSSARY OF TERMS

Technical Terms

In the context of ADSs and listed investments, the term "quoted" means "traded" on the relevant exchange.

Reference herein is made to tonnes, each of which equals 1000 kilogrammes, approximately 2,205 pounds or 1.102 short tonnes. Measures of distance referred to herein are stated in kilometers, each of which equals approximately 0.62 miles, or in meters, each of which equals approximately 3.28 feet.

Brownfield project means the expansion of an existing operation.

Coal Reserves have the same meaning as ore reserves, but specifically concern coal.

Coking Coal, by virtue of its carbonisation properties, is used in the manufacture of coke, which is used in the steelmaking process.

Crude oil is a mixture of hydrocarbons that exist in liquid form in natural underground reservoirs, and remain liquid at atmospheric pressure after being produced at the well head and passing through surface separating facilities. Condensate is a liquid and consists of a mixture of hydrocarbons that are recoverable from gas.

Condensate is a liquid at atmospheric conditions and consists of a mixture of hydrocarbons that are recoverable from gas.

Direct reduced iron (DRI) is metallic iron formed by removing oxygen from iron ore without the formation of, or passage through, a smelting phase. DRI can be used as feedstock for steel production.

Dry gas is a mixture of hydrocarbon gases, inerts and other gases that are in the gaseous phase at pipeline conditions with no free liquids at operating conditions. It is principally composed of methane, ethane and low levels of propanes and butanes depending upon processing and pipeline specifications.

Energy coal is used a fuel source in electrical power generation, cement manufacture and various industrial applications. Energy coal may also be referred to as steam or energy coal.

Ethane, when sold separately, is largely ethane gas that has been liquified through pressurization. One tonne of ethane is approximately equivalent to 26.8 thousand cubic feet of gas.

Federal unit is a combination of two or more US Minerals Management Service (MMS) defined blocks approved by MMS in circumstances where it can be demonstrated that the blocks are part of the same geological formation.

Green field project means the development of a new project.

Gigajoules = 1,000,000,000 joules (where joules is a measure of energy).

Heap leaching is the process by which a soluble mineral can be economically recovered by dissolution from ore piled in a heap.

Hot briquetted iron (HBI) is densified direct reduced iron where the densification is carried out at a temperature greater than 650 degrees Celsius. The resultant product has density greater than 5g/cm³. HBI can be used as feedstock for steel production.

Leaching is the process by which a soluble mineral can be economically recovered from ore by dissolution.

Table of Contents

Liquefied natural gas (LNG) consists largely of methane that has been liquified through chilling and pressurization. One tonne of LNG is approximately equivalent to 45.9 thousand cubic feet of natural gas.

Liquefied petroleum gas (LPG) consists of propane and butane and a small amount (less than 2%) of ethane that has been liquified through pressurisation. One tonne of LPG is approximately equivalent to 11.6 barrels.

Marketable Coal Reserves represents beneficiated or otherwise enhanced coal product and should be read in conjunction with, but not instead of, reports of coal reserves.

Megajoules = 1,000,000 joules (where joules is a measure of energy).

Metallurgical coal is a broader term which includes all coals used in steelmaking, such as coal used for the Pulverised Coal Injection (PCI) process.

Ore reserves are that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

Petajoules = 1,000,000,000,000,000 joules (where joules is a measure of energy).

Petroleum coke is a residue from the refining of heavy fraction oil into light fraction oil.

Probable ore reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and, measurement are farther apart or are otherwise less adequately spaced. The degrees of assurance, although lower than that for proven (measured) reserves, is high enough to assure continuity between points of observation.

Proven ore reserves are the reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings on drill holes; grade and/or quality are computed from the results of detailed samplings and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

Recoverable coal reserves are the combination of those proved and probable ore reserves which specifically concern coal.

Take or pay means an obligation on a customer to pay for an agreed minimum quantity of a commodity even if it fails to take that agreed minimum quantity.

Terajoules = 1,000,000,000,000 joules (where joules is a measure of energy).

Financial Terms

UK Terminology	US equivalent	Australian equivalent
Equity Shareholders Funds	Stockholders Equity	Total Equity
Called up share capital	Subscribed Capital Stock	Contributed Equity
Ordinary Shares	Common Stock	Ordinary Shares
Profit and Loss Account	Retained Earnings	Retained Profits
	Appropriated Surplus	Reserve, e.g. General Reserve. Forms part of Shareholders Equity

Table of Contents

UK Terminology	US equivalent	Australian equivalent
Share Premium Account	Paid-in Surplus	Share Premium Reserve
Provision accrued liability, i.e., not part of Total Equity	Reserve can represent either part of Stockholders Equity, accrued liability or estimated depletion in the cost of an asset	Provision accrued liability, i.e., not part of Total Equity
Tangible Assets	Property, Plant and Equipment	Property, Plant and Equipment
Bonus Issue	Stock Dividend	Bonus Issue
Subsidiary	Subsidiary	Controlled Entity
Turnover	Sales Revenue	Sales Revenue
Depreciation	Depreciation and depletion	Depreciation
Profit for the financial year (attributable profit)	Net income	Net profit attributable to members

Table of Contents

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Table of Contents

OFFER STATISTICS AND EXPECTED TIMETABLE

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

Table of Contents

KEY INFORMATION

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Set forth below is selected consolidated financial information for (i) the BHP Billiton Group, which reflects the combined operations of both the BHP Billiton Limited Group and the BHP Billiton Plc Group, (ii) the BHP Billiton Limited Group and (iii) the BHP Billiton Plc Group as a separate, stand-alone group. BHP Billiton Limited and BHP Billiton Plc each report as their primary financial statements under the requirements of the US Securities and Exchange Commission, the BHP Billiton Group's consolidated financial statements prepared in accordance with generally accepted accounting principles in the United Kingdom and presented in US dollars. These financial statements account for the dual listed company structure as a business combination and accordingly consolidate BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries. The selected consolidated financial information for the BHP Billiton Limited Group has been derived from the BHP Billiton Limited Group Consolidated Financial Statements, presented in Australian dollars and prepared in accordance with accounting policies that are in compliance with Australian GAAP. The selected consolidated financial information for the BHP Billiton Plc Group on a stand-alone basis has been derived from the BHP Billiton Plc Group Consolidated Financial Statements, presented in US dollars and prepared in accordance with accounting policies that are in compliance with UK GAAP, except that these financial statements have been prepared as if the DLC merger has not occurred.

Under UK GAAP, the DLC structure has been accounted for as a merger (pooling of interests) in accordance with UK Financial Reporting Standard 6: Acquisitions and Mergers. Under Australian GAAP, the DLC structure has been accounted for as a combination in accordance with PN71: Financial Reporting by Australian Entities in Dual Listed Company Arrangements. Australian regulatory requirements do not allow the combination of the results of the BHP Billiton Limited Group with those of the BHP Billiton Plc Group for periods prior to June 29, 2001. Under US GAAP, the DLC structure is accounted for as a purchase business combination with the BHP Billiton Limited Group acquiring the BHP Billiton Plc Group on June 29, 2001. In a merger or a combination, the assets, liabilities and equity of the BHP Billiton Plc Group and the BHP Billiton Limited Group are combined at their respective book values as determined under UK GAAP and Australian GAAP. Under US GAAP, the reconciliation of shareholders' equity includes the purchase adjustments required under US GAAP to recognize the BHP Billiton Plc Group assets and liabilities at their fair values, and to record goodwill.

BHP Billiton Limited's independent chartered accountant in Australia for the two years ended June 30, 2001 was Arthur Andersen. On June 15, 2002, Arthur Andersen LLP, Arthur Andersen's U.S. affiliated firm, was convicted by a jury in Houston, Texas on a single charge of obstructing justice in connection with its actions regarding Enron Corp. As of August 31, 2002, Arthur Andersen LLP has ceased to practice before the SEC. As a U.S. listed company, BHP Billiton Limited is required to file with the SEC annual financial statements audited by its independent certified public accountant. The SEC has said that it will continue accepting financial statements audited or reviewed by Arthur Andersen so long as Arthur Andersen is able to make certain representations to us. In connection with its audit of the BHP Billiton Limited financial statements for the two years ended June 30, 2001 and the revision to note 50 of such financial statements, which is dated March 22, 2002, included in this annual report, Arthur Andersen has made the representations to us that are required by the SEC. In the future, our access to the capital markets and our ability to make timely SEC filings could be impaired if the SEC ceases accepting financial statements audited by Arthur Andersen, or if Arthur Andersen becomes unable to make the required representations to us. Further, it is possible that events arising out of the indictment may adversely affect the ability of Arthur Andersen to satisfy any claims arising from its provision of auditing and other services to us, including claims that may arise out of Arthur Andersen's audit of our financial statements.

Table of Contents**KEY INFORMATION****BHP Billiton Group**

The selected consolidated financial information for the BHP Billiton Group set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the audited BHP Billiton Group Annual Financial Statements and the accompanying notes included in this annual report.

	Year ended June 30,		
	2002	2001	2000
Consolidated Profit and Loss Account			
(US\$ millions except per share data)			
Amounts in accordance with UK GAAP			
Group turnover total	15,906	17,789	17,415
Group turnover from continuing operations	13,562	14,771	12,744
Profit before borrowing costs and taxation			
- excluding exceptional items total	3,468	3,873	3,194
- including exceptional items total	3,256	2,785	2,434
- excluding exceptional items from continuing operations	3,382	3,633	2,798
- including exceptional items from continuing operations	3,170	2,567	2,191
Borrowing costs	(529)	(722)	(656)
Income tax expense	(990)	(811)	(251)
Net Profit before minority interests			
- excluding exceptional items	1,981	2,214	1,764
- including exceptional items	1,737	1,252	1,527
Net Profit attributable to members			
- excluding exceptional items	1,934	2,189	1,743
- including exceptional items	1,690	1,529	1,506
Dividends provided for or paid	784	754	788
Number of Ordinary Shares (millions)(a)			
- at period end	6,044	6,023	5,817
- weighted average	6,029	5,944	5,725
- weighted average diluted	6,042	5,973	5,736
Per Ordinary Share:(a)			
- Net profit attributable to members			
Excluding exceptional items(c)			
- Basic	US\$ 0.321	US\$ 0.368	US\$ 0.304
- Diluted	US\$ 0.321	US\$ 0.366	US\$ 0.304
Including exceptional items			
- Basic	US\$ 0.280	US\$ 0.257	US\$ 0.263
- Diluted	US\$ 0.280	US\$ 0.256	US\$ 0.263
- Dividends provided for or paid BHP Billiton Plc	US\$ 0.130	US\$ 0.120	US\$ 0.113
- Dividends provided for or paid BHP Billiton Limited	US\$ 0.130	A\$ 0.247	A\$ 0.247
Amounts in accordance with US GAAP			
Sales revenue from continuing operations	13,552	8,100	7,467
Other income from continuing operations	321	516	268
Operating income from continuing operations	2,574	1,198	270
Net income total	1,249	882	400
Net income from continuing operations	1,513	746	257
Net (loss)/income from discontinued operations	(264)	136	143
Per Ordinary Share(a):			

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Net income attributable to members

- Basic	from continuing operations	US\$ 0.251	US\$ 0.202	US\$ 0.070
- Diluted	from continuing operations	US\$ 0.251	US\$ 0.201	US\$ 0.070
- Basic	from discontinued operations	US\$ (0.044)	US\$ 0.037	US\$ 0.039

Table of Contents**KEY INFORMATION**

	Year ended June 30,		
	2002	2001	2000
Consolidated Profit and Loss Account			
(US\$ millions except per share data)			
- Diluted from discontinued operations	US\$ (0.044)	US\$ 0.037	US\$ 0.039
- Basic total	US\$ 0.207	US\$ 0.239	US\$ 0.109
- Diluted total	US\$ 0.207	US\$ 0.238	US\$ 0.109
Per ADS:			
Net income attributable to members			
- Basic total	US\$ 0.414	US\$ 0.478	US\$ 0.218
- Diluted total	US\$ 0.414	US\$ 0.476	US\$ 0.218
At June 30,			
Balance Sheet	2002	2001	2000
	(US\$ mi)		