

BHP BILLITON LTD
Form 20-F/A
July 19, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F/A
Amendment No. 1

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 30 JUNE 2016

OR

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

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-09526
BHP BILLITON LIMITED
(ABN 49 004 028 077)
(Exact name of Registrant as specified in its charter)
VICTORIA, AUSTRALIA
(Jurisdiction of incorporation or organisation)
171 COLLINS STREET, MELBOURNE,

VICTORIA 3000 AUSTRALIA

(Address of principal executive offices)

Commission file number: 001-31714
BHP BILLITON PLC
(REG. NO. 3196209)
(Exact name of Registrant as specified in its charter)
ENGLAND AND WALES
(Jurisdiction of incorporation or organisation)
NOVA SOUTH, 160 VICTORIA STREET

LONDON, SW1E 5LB

UNITED KINGDOM
(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 each exchange on which registered	Title of each class	Name of each exchange on which registered
American Depositary Shares*	New York Stock Exchange	American Depositary Shares*	New York Stock Exchange
Ordinary Shares**	New York Stock Exchange	Ordinary Shares, nominal value US\$0.50 each**	New York Stock Exchange

* Evidenced by American Depositary Receipts. Each American Depositary Receipt represents two ordinary shares of BHP Billiton Limited or BHP Billiton Plc, as the case may be.

** Not for trading, but only in connection with the listing of the applicable American Depositary Shares.

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.

Edgar Filing: BHP BILLITON LTD - Form 20-F/A

	BHP Billiton Limited	BHP Billiton Plc
Fully Paid Ordinary Shares	3,211,691,105	2,112,071,796

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	International Financial Reporting Standards as issued by the International Accounting Standards Board	Other
-----------	---	-------

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

EXPLANATORY NOTE

This Amendment No. 1 to Form 20-F (this **Amendment** or **Form 20-F/A**) amends the annual report on Form 20-F for the fiscal year ended 30 June 2016 (the **Original Filing**) filed jointly by BHP Billiton Limited and BHP Billiton Plc with the Securities and Exchange Commission (the **SEC**) on 21 September 2016 (the **Original Filing Date**). As used in this Amendment, the terms BHP, the Company and the Group refer to the combined group, including BHP Billiton Limited and BHP Billiton Plc and their respective subsidiary companies.

BHP is filing this Amendment to revise (i) the Report of Independent Registered Certified Public Accounting Firms of KPMG and KPMG LLP appearing in Part III, Item 18, Financial Statements, regarding the effectiveness of the Group's internal control over financial reporting as at 30 June 2016; and (ii) management's assessment of the effectiveness of the Group's internal control over financial reporting as at 30 June 2016 and the disclosure on the effectiveness of the Group's disclosure controls and procedures in Part II, Item 15, Controls and Procedures. These revisions are to reflect management's conclusion that there was a material weakness in the controls over the determination of which deferred income tax balances to include in the carrying values of the Onshore US assets and market participant assumptions used to measure fair value less costs of disposal (FVLCD) for impairment assessment purposes. While isolated to the Onshore US assets, this material weakness was identified subsequent to the Original Filing Date, and as a result the Group is amending its overall assessment of effectiveness of internal control over financial reporting and disclosure controls and procedures.

Management has concluded that, notwithstanding the identification of the material weakness, the Group's financial position and the consolidated financial statements included in the Original Filing for the years ended 30 June 2016 and 30 June 2015 present fairly, in all material respects, the financial position of the Group as at such dates and the results of operations and cash flows for the periods presented.

Pursuant to Rule 12b-15 of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), the certifications required pursuant to Rule 13a-14 of the Exchange Act, and the consent of the independent registered public accounting firms that were included as exhibits to the Original Filing, have been re-executed as of the date of this Amendment and are included as Exhibits 12.1, 12.2, 13.1, 13.2 and 15.1, respectively.

This Amendment, including the exhibits, only describes events as at the Original Filing Date, and does not reflect events that may have occurred subsequent to the Original Filing Date. Other than as described above, this Amendment does not and does not purport to amend, update or revise in any way the disclosures made in the Original Filing, including, without limitation, the financial statements and accompanying notes. This Amendment should be read in conjunction with the Original Filing and other information that BHP has filed or furnished to the SEC subsequent to the Original Filing Date.

PART II, ITEM 15. Controls and procedures

Management's assessment of our internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and, even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, the effectiveness of the Company's internal control over financial reporting had been evaluated based on the framework and criteria established in Internal Controls - Integrated Framework (2013), issued by the Committee of the Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management had previously concluded that internal control over financial reporting was effective as at 30 June 2016. Subsequent to that evaluation, management identified a failure in reviews performed to distinguish between entity specific assumptions and market participant assumptions, including the application of deferred income taxes, in determining impairment of the Onshore US assets. Based on this reassessment, management has concluded that, although the Group's consolidated financial statements included in the Original Filing fairly present, in all material respects, the financial position of the Group as at 30 June 2016 and 30 June 2015 and the results of operations and cash flows for the periods presented, a material weakness in internal control over financial reporting existed as at 30 June 2016.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis by the Group's internal controls.

Management concluded that the controls over the determination of which deferred income tax balances to include in the carrying values of the Onshore US assets and market participant assumptions used to measure FVLCD were ineffective for impairment assessment purposes as at 30 June 2016 and 30 June 2015. The material weakness arose due to a lack of understanding, by both the process owner and control operator, of how to distinguish between assumptions specific to BHP and those of a market participant, including the application of deferred income taxes, in determining impairment of the Onshore US assets.

These control deficiencies did not result in a material misstatement to, or restatement of, the Company's consolidated financial statements for the years ended 30 June 2016 and 30 June 2015. However, while isolated to the Onshore US assets, the control deficiencies created a reasonable possibility that a material misstatement to the Group's consolidated financial statements would not have been prevented or detected on a timely basis. Therefore, management concluded that the deficiencies represented a material weakness in our internal control over financial reporting and that our internal control over financial reporting was not effective as at 30 June 2016.

Our independent registered public accounting firms, KPMG and KPMG LLP, have audited the effectiveness of internal control over financial reporting as at 30 June 2016 and have reissued an adverse report, which is included on pages F-97 and F-98 under Item 18.

Management's assessment of our disclosure controls and procedures

Management, with the participation of our CEO and CFO, had performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as at 30 June 2016. Disclosure controls and

procedures are designed to provide reasonable assurance that the material financial and non-financial information required to be disclosed by BHP, including in the reports that it files or submits under the Exchange Act, is recorded, processed, summarised and reported on a timely basis and that such information is accumulated and communicated to BHP's management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Further, in the design and evaluation of our disclosure controls and procedures, management was required to apply its judgement in evaluating the costs benefit relationship of possible controls and procedures.

At the time of the Original Filing, the disclosure controls and procedures were considered effective as at 30 June 2016. Subsequent to that evaluation, management identified a material weakness due to a lack of understanding, by both the process owner and control operator, of how to distinguish between entity specific assumptions and market participant assumptions, including the application of deferred income taxes, in determining impairment of the Onshore US assets. Accordingly, our management, including the CEO and CFO have, after considering the existence of the material weakness described above, concluded that our disclosure controls and procedures were not effective as at 30 June 2016. Management has amended the Original Filing to give effect to this change in assessment.

Notwithstanding the material weakness in our internal control over financial reporting, BHP performed additional procedures that have allowed management to conclude that, the consolidated financial statements included in the Original Filing fairly present, in all material respects, the Group's financial position, results of operations and cash flows for the periods presented in conformity with IFRS as issued by the IASB.

Changes in Internal Control over Financial Reporting

Except for the material weakness described above, there have been no changes in our internal control over financial reporting during the year ended 30 June 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation of material weakness

The Group has initiated remediation efforts to address the abovementioned material weakness. The remediation steps include the following:

- Strengthening of the underlying control procedures relating to the consideration of assumptions that determine FVLCD and input into the carrying value assessments;

- Education and improved awareness of control owners and those charged with oversight to ensure consistent awareness and practices across all functions responsible for the inputs, processing and outputs associated with the carrying value assessment and impairment process; and

Enhancement of templates with additional guidance provided to assist in consistent consideration of factors in determining the appropriate carrying value of assets or cash generating units.

Management expects the remediation activities will be effective to remediate the material weakness. However, the material weakness in the Group's internal control over financial reporting will not be considered remediated until management has concluded, through testing, that these controls operate effectively. Management expects

that the remediation of this material weakness will be completed by the time of filing of the Group's Form 20-F for the year ended 30 June 2017.

In addition, the Group has reviewed the wider impairment controls suite and underlying control procedures to enhance the design and documentation of controls and increase the precision at which the controls operate.

PART III, ITEM 18. Financial Statements

5 Financial Statements

Contents of Financial Statements

About these Financial Statements	F-1
<u>5.1 Consolidated Financial Statements</u>	F-2
<u>5.1.1 Consolidated Income Statement</u>	F-2
<u>5.1.2 Consolidated Statement of Comprehensive Income</u>	F-3
<u>5.1.3 Consolidated Balance Sheet</u>	F-4
<u>5.1.4 Consolidated Cash Flow Statement</u>	F-5
<u>5.1.5 Consolidated Statement of Changes in Equity</u>	F-6
<u>5.1.6 Notes to Financial Statements</u>	F-12
<u>5.1.6 Notes to Financial Statements</u>	F-12
<u>Performance</u>	F-12
1. <u>Segment reporting</u>	F-12
2. <u>Exceptional items</u>	F-15
3. <u>Significant events – Samarco dam failure</u>	F-17
4. <u>Expenses and other income</u>	F-26
5. <u>Income tax expense</u>	F-27
6. <u>Earnings per share</u>	F-32
<u>Working capital</u>	F-33
7. <u>Trade and other receivables</u>	F-33
8. <u>Trade and other payables</u>	F-34
9. <u>Inventories</u>	F-34
<u>Resource assets</u>	F-35
10. <u>Property, plant and equipment</u>	F-35
11. <u>Intangible assets</u>	F-40
12. <u>Impairment of non-current assets</u>	F-41
13. <u>Deferred tax balances</u>	F-45
14. <u>Closure and rehabilitation provisions</u>	F-48
<u>Capital structure</u>	F-50
15. <u>Share capital</u>	F-50
16. <u>Other equity</u>	F-52
17. <u>Dividends</u>	F-54
18. <u>Provisions for dividends and other liabilities</u>	F-55
<u>Financial management</u>	F-56
19. <u>Net debt</u>	F-56
20. <u>Net finance costs</u>	F-59
21. <u>Financial risk management</u>	F-59
<u>Employee matters</u>	F-68
22. <u>Key management personnel</u>	F-68
23. <u>Employee share ownership plans</u>	F-69

24. <u>Employee benefits, restructuring and post-retirement employee benefits provisions</u>	F-72
25. <u>Pension and other post-retirement obligations</u>	F-74
<u>Group and related party information</u>	F-76
26. <u>Discontinued operations</u>	F-76
27. <u>Subsidiaries</u>	F-77
28. <u>Investments accounted for using the equity method</u>	F-78
29. <u>Interests in joint operations</u>	F-83
30. <u>Related party transactions</u>	F-84

<u>Unrecognised items and uncertain events</u>	F-85
31. <u>Commitments</u>	F-85
32. <u>Contingent liabilities</u>	F-86
33. <u>Subsequent events</u>	F-87
<u>Other items</u>	F-87
34. <u>Acquisitions and disposals of subsidiaries, operations, joint operations and equity accounted investments</u>	F-87
35. <u>Auditor s remuneration</u>	F-89
36. <u>Not required for US reporting</u>	F-89
37. <u>Deed of Cross Guarantee</u>	F-89
38. <u>New and amended accounting standards and interpretations issued but not yet effective</u>	F-92
39. <u>Reserve estimates</u>	F-92
5.2 <u>Not required for US reporting</u>	F-94
5.3 <u>Directors declaration</u>	F-94
5.4 <u>Statement of Directors responsibilities in respect of the Annual Report and the Financial Statements</u>	F-95
5.5 <u>Not required for US reporting</u>	F-95
5.6 <u>Reports of Independent Registered Public Accounting Firms</u>	F-96
5.7 <u>Supplementary oil and gas information unaudited</u>	F-99

About these Financial Statements

Reporting entity

In 2001, BHP Billiton Limited (previously known as BHP Limited), an Australian-listed company, and BHP Billiton Plc (previously known as Billiton Plc), a UK listed company, the Companies, entered into a Dual Listed Company (DLC) merger. The Companies and their subsidiaries operate together as a single for-profit economic entity (referred to as the Group) with a common Board of Directors, unified management structure and joint objectives. In effect, the DLC structure provides the same voting rights and dividend entitlements from the Group irrespective of whether investors hold shares in BHP Billiton Limited or BHP Billiton Plc.

Group and related party information is presented in note 30 Related party transactions detailing the Group's subsidiaries, associates, joint arrangements and the nature of transactions between these and other related parties. The nature of the operations and principal activities of the Group are described in the segment information (refer to note 1 Segment reporting).

Presentation of the Consolidated Financial Statements

A review has been undertaken to identify opportunities to make the Financial Statements more user friendly, simpler and easier to understand, while complying with the financial reporting obligations.

This review included:

focusing disclosures on material items and important information;

reorganisation of the notes to the Financial Statements into sections that will assist users in understanding the Group's financial performance and financial position;

integration of relevant accounting policies and information on key judgements within the notes to accompanying the financial information to enhance users understanding of key financial line items;

use of simplified language and explanations.

BHP Billiton's Directors have included information in this report they deem to be material and relevant to the understanding of the Financial Statements. Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the:

Group's current year results;

impact of significant changes in BHP Billiton's business; or

aspects of the Group's operations that are important to future performance.

These Consolidated Financial Statements were approved by the Board of Directors on 8 September 2016. The Directors have the authority to amend the Financial Statements after issuance.

F-1

5.1 Consolidated Financial Statements

5.1.1 Consolidated Income Statement for the year ended 30 June 2016

	Notes	2016 US\$M	2015 US\$M	2014 US\$M
Continuing operations				
Revenue	1	30,912	44,636	56,762
Other income	4	444	496	1,225
Expenses excluding net finance costs	4	(35,487)	(37,010)	(36,523)
(Loss)/profit from equity accounted investments, related impairments and expenses	28	(2,104)	548	1,185
(Loss)/profit from operations		(6,235)	8,670	22,649
Financial expenses		(1,161)	(702)	(995)
Financial income		137	88	81
Net finance costs	20	(1,024)	(614)	(914)
(Loss)/profit before taxation		(7,259)	8,056	21,735
Income tax benefit/(expense)		1,297	(2,762)	(6,266)
Royalty-related taxation (net of income tax benefit)		(245)	(904)	(514)
Total taxation benefit/(expense)	5	1,052	(3,666)	(6,780)
(Loss)/profit after taxation from Continuing operations		(6,207)	4,390	14,955
Discontinued operations				
(Loss)/profit after taxation from Discontinued operations	26		(1,512)	269
(Loss)/profit after taxation from Continuing and Discontinued operations		(6,207)	2,878	15,224
Attributable to non-controlling interests		178	968	1,392
Attributable to owners of BHP Billiton Group		(6,385)	1,910	13,832
Basic (loss)/earnings per ordinary share (cents)	6	(120.0)	35.9	260.0
Diluted (loss)/earnings per ordinary share (cents)	6	(120.0)	35.8	259.1
Basic (loss)/earnings from Continuing operations per ordinary share (cents)	6	(120.0)	65.5	256.5
Diluted (loss)/earnings from Continuing operations per ordinary share (cents)	6	(120.0)	65.3	255.7
Dividends per ordinary share paid during the period (cents)	17	78.0	124.0	118.0
Dividends per ordinary share determined in respect of the period (cents)	17	30.0	124.0	121.0

The accompanying notes form part of these Financial Statements.

F-2

5.1.2 Consolidated Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	2016 US\$M	2015 US\$M	2014 US\$M
(Loss)/profit after taxation from Continuing and Discontinued operations		(6,207)	2,878	15,224
Other comprehensive income				
<u>Items that may be reclassified subsequently to the income statement:</u>				
Available for sale investments:				
Net valuation gains/(losses) taken to equity		2	(21)	(15)
Net valuation losses/(gains) transferred to the income statement		1	(115)	(14)
Cash flow hedges:				
(Losses)/gains taken to equity		(566)	(1,797)	681
Losses/(gains) transferred to the income statement		664	1,815	(678)
Exchange fluctuations on translation of foreign operations taken to equity		(1)	(2)	(1)
Exchange fluctuations on translation of foreign operations transferred to income statement		(10)		
Tax recognised within other comprehensive income	5	(30)	29	3
Total items that may be reclassified subsequently to the income statement		60	(91)	(24)
<u>Items that will not be reclassified to the income statement:</u>				
Remeasurement (losses)/gains on pension and medical schemes		(20)	(28)	57
Tax recognised within other comprehensive income	5	(17)	(17)	12
Total items that will not be reclassified to the income statement		(37)	(45)	69
Total other comprehensive income/(loss)		23	(136)	45
Total comprehensive (loss)/income		(6,184)	2,742	15,269
Attributable to non-controlling interests		176	973	1,392
Attributable to owners of BHP Billiton Group		(6,360)	1,769	13,877

The accompanying notes form part of these Financial Statements.

5.1.3 Consolidated Balance Sheet as at 30 June 2016

	Notes	2016 US\$M	2015 US\$M
ASSETS			
Current assets			
Cash and cash equivalents	19	10,319	6,753
Trade and other receivables	7	3,155	4,321
Other financial assets	21	121	83
Inventories	9	3,411	4,292
Current tax assets		567	658
Other		141	262
Total current assets		17,714	16,369
Non-current assets			
Trade and other receivables	7	867	1,499
Other financial assets	21	2,680	1,159
Inventories	9	764	466
Property, plant and equipment	10	83,975	94,072
Intangible assets	11	4,119	4,292
Investments accounted for using the equity method	28	2,575	3,712
Deferred tax assets	13	6,147	2,861
Other		112	150
Total non-current assets		101,239	108,211
Total assets		118,953	124,580
LIABILITIES			
Current liabilities			
Trade and other payables	8	5,389	7,389
Interest bearing liabilities	19	4,653	3,201
Other financial liabilities	21	5	251
Current tax payable		451	207
Provisions	3, 14, 18, 24	1,765	1,676
Deferred income		77	129
Total current liabilities		12,340	12,853
Non-current liabilities			
Trade and other payables	8	13	29
Interest bearing liabilities	19	31,768	27,969
Other financial liabilities	21	1,778	1,031
Deferred tax liabilities	13	4,324	4,542
Provisions	3, 14, 18, 24	8,381	7,306
Deferred income		278	305

Total non-current liabilities		46,542	41,182
Total liabilities		58,882	54,035
Net assets		60,071	70,545
EQUITY			
Share capital BHP Billiton Limited		1,186	1,186
Share capital BHP Billiton Plc		1,057	1,057
Treasury shares		(33)	(76)
Reserves	16	2,538	2,557
Retained earnings		49,542	60,044
Total equity attributable to owners of BHP Billiton Group		54,290	64,768
Non-controlling interests	16	5,781	5,777
Total equity		60,071	70,545

The accompanying notes form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 8 September 2016 and signed on its behalf by:

Jac Nasser AO
Chairman

Andrew Mackenzie
Chief Executive Officer

5.1.4 Consolidated Cash Flow Statement for the year ended 30 June 2016

	Notes	2016 US\$M	2015 US\$M	2014 US\$M
Operating activities				
(Loss)/profit before taxation from Continuing operations		(7,259)	8,056	21,735
Adjustments for:				
Non-cash or non-operating exceptional items		9,645	3,196	(551)
Depreciation and amortisation expense		8,661	9,158	7,716
Impairments of property, plant and equipment, financial assets and intangibles		210	828	478
Net finance costs		1,024	614	914
Share of operating profit of equity accounted investments		(276)	(548)	(1,185)
Other		459	503	95
Changes in assets and liabilities:				
Trade and other receivables		1,714	1,431	(349)
Inventories		527	151	(158)
Trade and other payables		(1,661)	(990)	238
Provisions and other assets and liabilities		(373)	(779)	385
Cash generated from operations		12,671	21,620	29,318
Dividends received		301	740	1,264
Interest received		128	86	120
Interest paid		(830)	(627)	(915)
Net income tax and royalty-related taxation refunded		641	348	1,064
Net income tax and royalty-related taxation paid		(2,286)	(4,373)	(7,211)
Net operating cash flows from Continuing operations		10,625	17,794	23,640
Net operating cash flows from Discontinued operations	26		1,502	1,724
Net operating cash flows		10,625	19,296	25,364
Investing activities				
Purchases of property, plant and equipment		(6,946)	(11,947)	(15,224)
Exploration expenditure		(765)	(816)	(986)
Exploration expenditure expensed and included in operating cash flows		430	670	698
Net investment and funding of equity accounted investments		40	117	(29)
Proceeds from sale of assets		107	74	66
Proceeds from divestment of subsidiaries, operations and joint operations, net of their cash	34	166	256	812
Other investing		(277)	144	(471)
Net investing cash flows from Continuing operations		(7,245)	(11,502)	(15,134)
Net investing cash flows from Discontinued operations	26		(1,066)	(700)
Cash disposed on demerger of South32	26		(586)	

Net investing cash flows		(7,245)	(13,154)	(15,834)
Financing activities				
Proceeds from interest bearing liabilities		7,239	3,440	6,000
Proceeds/(settlements) from debt related instruments		156	(33)	37
Repayment of interest bearing liabilities		(2,788)	(4,135)	(7,048)
Proceeds from ordinary shares			9	14
Contributions from non-controlling interests			53	1,435
Purchase of shares by Employee Share Ownership Plan (ESOP) Trusts		(106)	(355)	(368)
Dividends paid		(4,130)	(6,498)	(6,387)
Dividends paid to non-controlling interests		(87)	(554)	(119)
Net financing cash flows from Continuing operations		284	(8,073)	(6,436)
Net financing cash flows from Discontinued operations	26		(203)	(32)
Net financing cash flows		284	(8,276)	(6,468)
Net increase/(decrease) in cash and cash equivalents from Continuing operations		3,664	(1,781)	2,070
Net increase in cash and cash equivalents from Discontinued operations	26		233	992
Cash and cash equivalents, net of overdrafts, at the beginning of the financial year		6,613	8,752	5,667
Cash disposed on demerger of South32	26		(586)	
Foreign currency exchange rate changes on cash and cash equivalents		(1)	(5)	23
Cash and cash equivalents, net of overdrafts, at the end of the financial year	19	10,276	6,613	8,752

The accompanying notes form part of these Financial Statements.

5.1.5 Consolidated Statement of Changes in Equity for the year ended 30 June 2016

US\$M	Attributable to owners of BHP Billiton Group				Reserves	Retained earnings	Total equity attributable to owners of BHP Billiton Group		Non-controlling interests	Total equity
	Share capital	Treasury shares		of BHP Billiton Group						
	BHP Billiton Limited	BHP Billiton Plc	BHP Billiton Limited	BHP Billiton Plc						
Balance as at 1 July 2015	1,186	1,057	(19)	(57)	2,557	60,044	64,768	5,777	70,545	
Total comprehensive loss					60	(6,420)	(6,360)	176	(6,184)	
Transactions with owners:										
Purchase of shares by ESOP Trusts			(106)				(106)		(106)	
Employee share awards exercised net of employee contributions			118	31	(193)	46	2		2	
Employee share awards forfeited					(26)	26				
Accrued employee entitlement for unexercised awards					140		140		140	
Dividends						(4,154)	(4,154)	(172)	(4,326)	
Balance as at 30 June 2016	1,186	1,057	(7)	(26)	2,538	49,542	54,290	5,781	60,071	

US\$M	Attributable to owners of BHP Billiton Group						Retained earnings	Total equity attributable to owners of BHP Billiton Group	Non-controlling interests	Total equity
	Share capital	Treasury shares		Reserves						
	BHP Billiton Limited	BHP Billiton Plc	BHP Billiton Limited	BHP Billiton Plc	Reserves					
Balance as at 1 July 2014	1,186	1,069	(51)	(536)	2,927	74,548	79,143	6,239	85,382	
Total comprehensive income					(96)	1,865	1,769	973	2,742	
Transactions with owners:										
Shares cancelled		(12)		501	12	(501)				
Purchase of shares by ESOP Trusts			(232)	(123)			(355)		(355)	
Employee share awards exercised net of employee contributions and other adjustments			264	99	(461)	101	3		3	
Employee share awards forfeited					(13)	13				
Accrued employee entitlement for unexercised awards					247		247		247	
Distribution to option holders					(1)		(1)	(1)	(2)	
Dividends						(6,596)	(6,596)	(639)	(7,235)	
In-specie dividend on demerger refer to note 26 Discontinued operations						(9,445)	(9,445)		(9,445)	
Equity contributed					1		1	52	53	
Transfers within equity on demerger					(59)	59				
Conversion of controlled entities to equity accounted investments				2			2	(847)	(845)	
Balance as at 30 June 2015	1,186	1,057	(19)	(57)	2,557	60,044	64,768	5,777	70,545	

US\$M	Attributable to owners of BHP Billiton Group					Retained earnings	Total equity attributable to owners of BHP Billiton Group		
	Share capital	Treasury shares					Non-controlling interests	Total equity	
	BHP Billiton Limited	BHP Billiton Plc	BHP Billiton Limited	BHP Billiton Plc	Reserves		BHP Billiton Group		
Balance as at 1 July 2013	1,186	1,069	(8)	(532)	1,970	66,982	70,667	4,624	75,291
Total comprehensive income					(24)	13,901	13,877	1,392	15,269
Transactions with owners:									
Purchase of shares by ESOP Trusts			(290)	(78)			(368)		(368)
Employee share awards exercised net of employee contributions			247	74	(221)	(91)	9		9
Employee share awards forfeited					(32)	32			
Accrued employee entitlement for unexercised awards					247		247		247
Distribution to option holders					(2)		(2)	(2)	(4)
Dividends						(6,276)	(6,276)	(252)	(6,528)
Equity contributed					989		989	477	1,466
Balance as at 30 June 2014	1,186	1,069	(51)	(536)	2,927	74,548	79,143	6,239	85,382

The accompanying notes form part of these Financial Statements.

Basis of preparation

The Group's financial report as at and for the year ended 30 June 2016:

is a consolidated general purpose financial report;

has been prepared in accordance with the requirements of the:

- i Australian Corporations Act 2001;
- i UK Companies Act 2006;

has been prepared in accordance with accounting standards and interpretations collectively referred to as IFRS in this report, which encompass the:

- i International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board;
- i Australian Accounting Standards, being Australian equivalents to International Financial Reporting Standards and interpretations as issued by the Australian Accounting Standards Board (AASB);
- i International Financial Reporting Standards and interpretations adopted by the European Union (EU);

is prepared on a going concern basis;

measures items on the basis of historical cost principles, except for the following items:

- i derivative financial instruments and certain other financial assets, which are carried at fair value;
- i non-current assets or disposal groups that are classified as held-for-sale or held-for-distribution, which are measured at the lower of carrying amount and fair value less cost to dispose;

includes significant accounting policies in the notes to the Financial Statements that summarise the recognition and measurement basis used and are relevant to an understanding of the Financial Statements;

applies a presentation currency of US dollars, consistent with the predominant functional currency of the Group's operations. Amounts are rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC (Rounding in Financial/Directors' Reports) Instrument 2016/191;

presents reclassified comparative information where required for consistency with the current year's presentation;

adopts all new and amended standards and interpretations under IFRS issued by the relevant bodies (listed above), that are mandatory for application beginning on or after 1 July 2015. None had a significant impact on the Financial Statements;

has not early adopted any standards and interpretations that have been issued or amended but are not yet effective.

The accounting policies have been consistently applied by all entities included in the Financial Statements and are consistent with those applied in all prior years presented.

Principles of consolidation

In preparing the Financial Statements the effects of all intragroup balances and transactions have been eliminated.

A list of significant entities in the Group, including subsidiaries, joint arrangements and associates at year-end is contained in note 27 Subsidiaries, note 28 Investments accounted for using the equity method and note 29 Interests in joint operations.

Subsidiaries: The Financial Statements of the Group include the consolidation of BHP Billiton Limited, BHP Billiton Plc and their respective subsidiaries being the entities controlled by the parent entities during the year. Control exists where the Group is:

exposed to, or has rights to, variable returns from its involvement with the entity;

has the ability to affect those returns through its power to direct the activities of the entity. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests. The Financial Statements of subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies. The acquisition method of accounting is used to account for the Group's business combinations.

Joint arrangements: The Group undertakes a number of business activities through joint arrangements, which exist when two or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures, based on the contractual rights and obligations between the parties to the arrangement.

The Group has two types of joint arrangements:

Joint operations: A joint operation is an arrangement in which the Group shares joint control, primarily via contractual arrangements with other parties. In a joint operation, the Group has rights to the assets and obligations for the liabilities relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. In relation to the Group's interest in a joint operation, the Group recognises: its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation; and its share of expenses. All such amounts are measured in accordance with the terms of the arrangement, which is usually in proportion to the Group's interest in the joint operation.

Joint ventures: A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. A separate vehicle, not the parties, will have the rights to the assets and obligations to the liabilities relating to the arrangement. More than an insignificant share of output from a joint venture is sold to third parties, which indicates the joint venture is not dependent on the parties to the arrangement for funding, nor do the parties have an obligation for the liabilities of the arrangement. Joint ventures are accounted for using the equity accounting method.

Associates: The Group accounts for investments in associates using the equity accounting method. An entity is considered an associate where the Group is deemed to have significant influence but not control or joint control. Significant influence is presumed to exist where the Group:

has over 20 per cent of the voting rights of an entity, unless it can be clearly demonstrated that this is not the case;

holds less than 20 per cent of the voting rights of an entity; however, has the power to participate in the financial and operating policy decisions affecting the entity.

The Group uses the term equity accounted investments to refer to joint ventures and associates collectively.

Foreign currencies

Transactions related to the Group's worldwide operations are conducted in a number of foreign currencies. The majority of operations have assessed US dollars as the functional currency; however, some subsidiaries, joint arrangements and associates have functional currencies other than US dollars.

Monetary items denominated in foreign currencies are translated into US dollars as follows:

Foreign currency item	Applicable exchange rate
Transactions	Date of underlying transaction
Monetary assets and liabilities	Period-end rate

Foreign exchange gains and losses resulting from translation are recognised in the income statement, except for qualifying cash flow hedges (which are deferred to equity) and foreign exchange gains or losses on foreign currency provisions for site closure and rehabilitation costs (which are capitalised in property, plant and equipment for operating sites).

On consolidation, the assets, liabilities, income and expenses of non-US dollar denominated functional operations are translated into US dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Date of underlying transaction
Assets and liabilities	Period-end rate
Equity	Historical date
Reserves	Historical and period-end rate

Foreign exchange differences resulting from translation are initially recognised in the foreign currency translation reserve and subsequently transferred to the income statement on disposal of a foreign operation.

Critical accounting policies, judgements and estimates

The Group has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. Actual results may differ for these estimates under different assumptions and conditions. This may materially affect financial results and the financial position to be reported in future.

These critical accounting policies are embedded within the following notes:

Note	
5	<i>Taxation</i>
9	<i>Inventories</i>
10	<i>Exploration and evaluation</i>
10	<i>Development expenditure</i>
10	<i>Overburden removal costs</i>
10	<i>Depreciation of property, plant and equipment</i>
10, 11 and 12	<i>Property, plant and equipment, Intangible assets and Impairments of non-current assets recoverable amount</i>
14	<i>Closure and rehabilitation provisions</i>
39	<i>Reserve estimates</i>

5.1.6 Notes to Financial Statements

Performance

1. Segment reporting

Reportable segments

The Group operated four reportable segments during FY2016 aligned with the commodities that are extracted and marketed, reflecting the structure used by the Group's management to assess the performance of the Group.

Reportable segment	Principal activities
Petroleum	Exploration, development and production of oil and gas
Copper	Mining of copper, silver, lead, zinc, molybdenum, uranium and gold
Iron Ore	Mining of iron ore
Coal	Mining of metallurgical coal and thermal (energy) coal

The segment reporting information for comparative periods has been presented on a Continuing operations basis to exclude the contribution from assets that were demerged with South32.

Group and unallocated items includes functions, other unallocated operations including Potash (previously disclosed in the former Petroleum and Potash reportable segment), Nickel West and consolidation adjustments. Comparative information for the years ended 30 June 2015 and 30 June 2014 have been restated for the effects of the change in reporting related to Potash. Revenue not attributable to reportable segments comprises the sale of freight and fuel to third parties, as well as revenues from unallocated operations. Exploration and technology activities are recognised within relevant segments.

Year ended 30 June 2016					Group and unallocated items/ eliminations	BHP Billiton Group
US\$M	Petroleum	Copper	Iron Ore	Coal		
Revenue	6,776	8,249	10,516	4,518	853	30,912
Inter-segment revenue	118		22		(140)	
Total revenue	6,894	8,249	10,538	4,518	713	30,912
Underlying EBITDA	3,658	2,619	5,599	635	(171)	12,340
Depreciation and amortisation	(4,147)	(1,560)	(1,817)	(890)	(247)	(8,661)
Impairment losses	(48)	(17)	(42)	(94)	(9)	(210)
Underlying EBIT	(537)	1,042	3,740	(349)	(427)	3,469
Exceptional items	(7,184)		(2,388)		(132)	(9,704)

Net finance costs						(1,024)
(Loss)/profit before taxation						(7,259)
Capital expenditure (cash basis)	2,517	2,786	1,061	298	284	6,946
(Loss)/profit from equity accounted investments, related impairments and expenses	(7)	155	(2,244)	(9)	1	(2,104)
Investments accounted for using the equity method	280	1,388		901	6	2,575
Total assets	30,476	26,143	24,330	12,754	25,250	118,953
Total liabilities	5,308	2,299	3,789	2,103	45,383	58,882

F-12

Year ended 30 June 2015

US\$M

Restated	Petroleum	Copper	Iron Ore	Coal	Group and unallocated items/ eliminations	BHP Billiton Group
Revenue	11,180	11,453	14,649	5,885	1,469	44,636
Inter-segment revenue	267		104		(371)	
Total revenue	11,447	11,453	14,753	5,885	1,098	44,636
Underlying EBITDA	7,201	5,205	8,648	1,242	(444)	21,852
Depreciation and amortisation	(4,738)	(1,545)	(1,698)	(875)	(302)	(9,158)
Impairment losses	(477)	(307)	(18)	(19)	(7)	(828)
Underlying EBIT	1,986	3,353	6,932	348	(753)	11,866
Exceptional items	(2,787)				(409)	(3,196)
Net finance costs						(614)
Profit before taxation						8,056
Capital expenditure (cash basis)	5,023	3,822	1,930	729	443	11,947
(Loss)/profit from equity accounted investments, related impairments and expenses		175	371	1	1	548
Investments accounted for using the equity method	287	1,422	1,044	956	3	3,712
Total assets	40,325	26,340	26,808	14,182	16,925	124,580
Total liabilities	6,722	2,639	2,854	2,413	39,407	54,035

Year ended 30 June 2014

US\$M

Restated	Petroleum	Copper	Iron Ore	Coal	Group and unallocated items/ eliminations	BHP Billiton Group
Revenue	14,571	12,789	21,143	6,563	1,696	56,762
Inter-segment revenue	262		213		(475)	
Total revenue	14,833	12,789	21,356	6,563	1,221	56,762
Underlying EBITDA	9,826	6,127	13,531	1,258	(450)	30,292
Depreciation and amortisation	(3,945)	(1,371)	(1,464)	(683)	(253)	(7,716)

Edgar Filing: BHP BILLITON LTD - Form 20-F/A

Impairment (losses)/reversals	(309)	(88)	35		(116)	(478)
Underlying EBIT	5,572	4,668	12,102	575	(819)	22,098
Exceptional items		551				551
Net finance costs						(914)
Profit before taxation						21,735
Capital expenditure (cash basis)	5,879	3,697	2,949	1,971	728	15,224
(Loss)/profit from equity accounted investments, related impairments and expenses	(4)	438	607	140	4	1,185
Investments accounted for using the equity method	115	1,386	1,069	1,079	15	3,664
Total assets	44,576	24,255	27,412	14,919	40,251	151,413
Total liabilities	7,317	2,258	4,022	3,010	49,424	66,031

F-13

Geographical information

	Revenue by location of customer		
	2016	2015	2014
	US\$M	US\$M	US\$M
Australia	1,846	2,205	3,106
Europe	1,161	2,465	3,436
China	13,177	16,337	21,873
Japan	2,941	4,863	6,305
India	1,478	1,680	2,009
South Korea	1,919	2,688	4,104
Rest of Asia	2,833	4,734	3,816
North America	4,470	7,990	9,607
South America	899	1,342	1,994
Rest of world	188	332	512
	30,912	44,636	56,762

	Non-current assets by location of assets		
	2016	2015	2014
	US\$M	US\$M	US\$M
Australia	49,465	52,109	60,408
North America	23,943	33,091	35,845
South America	15,965	15,831	15,926
Rest of world ^(a)	3,038	3,160	8,193
Unallocated assets ^(b)	8,828	4,020	8,745
	101,239	108,211	129,117

(a) FY2014 includes US\$4,570 million of Southern Africa non-current assets predominantly disposed as part of the South32 demerger.

(b) Unallocated assets comprise deferred tax assets and other financial assets.

Underlying EBITDA

Underlying EBITDA is earnings before net finance costs, depreciation, amortisation and impairments, taxation expense, Discontinued operations and any exceptional items. Underlying EBITDA includes BHP Billiton's share of (loss)/profit from investments accounted for using the equity method including net finance costs, depreciation, amortisation and impairments and taxation expense.

Underlying EBITDA is the key non-IFRS measure that management uses internally to assess the performance of the Group's segments and make decisions on the allocation of resources and, in the Group's view is more relevant to capital intensive industries with long-life assets. In past periods, the Group has reported Underlying EBIT as a key non-IFRS

measure of operating results. Management believes focusing on Underlying EBITDA more closely reflects the operating cash generative capacity and hence the underlying performance of the Group's business. Management also uses this measure because financing structures and tax regimes differ across the Group's assets and substantial components of the Group's tax and interest charges are levied at a Group level rather than an operational level. We exclude exceptional items from Underlying EBITDA in order to enhance the comparability of the measure from period-to-period and provide clarity to the underlying performance of the Group's operations. Management monitors exceptional items separately.

F-14

Segment assets and liabilities

Total segment assets and liabilities of reportable segments represents operating assets net of operating liabilities, including the carrying amount of equity accounted investments and predominantly excludes cash balances, loans to associates, interest bearing liabilities and deferred tax balances. The carrying value of investments accounted for using the equity method represents the balance of the Group's investment in equity accounted investments, with no adjustment for any cash balances, interest bearing liabilities and deferred tax balances of the equity accounted investment.

Recognition and measurement**Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Sale of products

Revenue is recognised when the risk and rewards of ownership of the goods have passed to the buyer based on agreed delivery terms and it can be measured reliably. Depending on customer terms this can be based on issuance of a bill of lading or when delivery is completed as per the agreement with the Group's customers.

Provisionally priced sales

Revenue on provisionally priced sales is initially recognised at the estimated fair value of consideration receivable with reference to the relevant forward and/or contractual price and the determined mineral or hydrocarbon specifications. Subsequently, provisionally priced sales are marked to market at each reporting period up until when final pricing and settlement is confirmed with the fair value adjustment recognised in revenue in the period identified. Refer to note 21 Financial risk management for details of provisionally priced sales open at reporting period-end. The period between provisional pricing and final invoicing is typically between 60 and 120 days.

2. Exceptional items

Exceptional items are those items where their nature and amount is considered material to the Financial Statements. Such items included within the Group's loss for the year are detailed below:

Year ended 30 June 2016	Gross US\$M	Tax US\$M	Net US\$M
Exceptional items by category			
Samarco dam failure	(2,450)	253	(2,197)
Impairment of Onshore US assets ^(a)	(7,184)	2,300	(4,884)
Global taxation matters	(70)	(500)	(570)
Total	(9,704)	2,053	(7,651)

(a) Includes amounts attributable to non-controlling interests of US\$(51) million after tax benefit.

Samarco Mineração S.A. (Samarco) dam failure

The exceptional loss of US\$2,450 million (before tax) related to the Samarco dam failure in November 2015 comprises the following:

Year ended 30 June 2016	US\$M
Share of loss relating to the Samarco dam failure	(655)
Impairment of the carrying value of the investment in Samarco	(525)
Samarco dam failure provision	(1,200)
Costs incurred directly by BHP Billiton in relation to the Samarco dam failure	(70)
Loss from equity accounted investments, related impairments and expenses ^(a)	(2,450)

(a) BHP Billiton Brasil Ltda has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment), recognised a provision of US\$(1,200) million for potential obligations under the Framework Agreement and together with other BHP Billiton entities incurred US\$(70) million of direct costs in relation to the Samarco dam failure. US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense. Refer to note 3 Significant events Samarco dam failure for further information.

Impairment of Onshore US assets

The Group recognised an impairment charge of US\$4,884 million (after tax benefit) against the carrying value of its Onshore US assets in the year ended 30 June 2016. The impairment reflects changes to price assumptions, discount rates and development plans. This follows significant volatility and much weaker prices experienced in the oil and gas industry, which have more than offset the Group's substantial productivity improvements.

Global taxation matters

Global taxation matters include amounts provided for unresolved tax matters and other claims for which the timing of resolution and potential economic outflow are uncertain.

Year ended 30 June 2015	Gross US\$M	Tax US\$M	Net US\$M
Exceptional items by category			
Impairment of Onshore US assets	(2,787)	829	(1,958)
Impairment of Nickel West assets	(409)	119	(290)
Repeal of Minerals Resource Rent Tax legislation ^(a)		(698)	(698)
Total	(3,196)	250	(2,946)

(a) Includes amounts attributable to non-controlling interests of US\$(12) million.

Impairment of Onshore US assets

The Group recognised an impairment charge of US\$1,958 million (after tax benefit) in relation to its Onshore US assets. The gas-focused Hawkville field accounts for the substantial majority of this charge reflecting its geological complexity, product mix, acreage relinquishments and amended development plans. The remainder relates to the impairment of goodwill associated with the Petrohawk acquisition.

Impairment of Nickel West assets

The Group announced on 12 November 2014 that the review of its Nickel West business was complete and the preferred option, the sale of the business, was not achieved on an acceptable basis. As a result of operational decisions made subsequent to the conclusion of this process, an impairment charge of US\$290 million (after tax benefit) was recognised in the year ended 30 June 2015.

Repeal of Minerals Resource Rent Tax legislation

The legislation to repeal the Minerals Resource Rent Tax (MRRT) in Australia took effect on 30 September 2014. As a result, the Group derecognised a MRRT deferred tax asset of US\$809 million and corresponding taxation charges of US\$698 million related to Continuing operations and US\$111 million related to Discontinued operations were recognised in the year ended 30 June 2015.

Year ended 30 June 2014	Gross US\$M	Tax US\$M	Net US\$M
Exceptional items by category			
Sale of Pinto Valley	551	(166)	385
Total	551	(166)	385

Sale of Pinto Valley

The Group announced on 11 October 2013 that it had completed the sale of its Pinto Valley mining operation for a cash consideration of US\$653 million, after working capital adjustments. A gain on sale of US\$385 million (after tax expense) was recognised in the year ended 30 June 2014.

3. Significant events Samarco dam failure

On 5 November 2015, the Samarco Mineração S.A. (Samarco) iron ore operation in Minas Gerais, Brazil, experienced a tailings dam failure that resulted in a release of mine tailings, flooding the community of Bento Rodrigues and impacting other communities downstream (Samarco dam failure). Refer to section 1.4 Samarco .

Samarco is jointly owned by BHP Billiton Brasil Ltda (BHP Billiton Brasil) and Vale S.A. (Vale). BHP Billiton Brasil's 50 per cent interest is accounted for as an equity accounted joint venture investment. BHP Billiton Brasil does not separately recognise its share of the underlying assets and liabilities of Samarco, but instead records the investment as one line on the balance sheet. Each period, BHP Billiton Brasil recognises its 50 per cent share of Samarco's profit or loss and adjusts the carrying value of the investment in Samarco accordingly. Such adjustment continues until the investment carrying value is reduced to US\$ nil, with any additional share of Samarco losses only recognised to the extent that BHP Billiton Brasil has an obligation to fund the losses, or when future investment funding is provided. After applying equity accounting, any remaining carrying value of the investment is tested for impairment.

Any charges relating to the Samarco dam failure incurred directly by BHP Billiton Brasil or other BHP Billiton entities are recognised 100 per cent in the Group's results.

The financial impacts of the Samarco dam failure on the Group's income statement, balance sheet and cash flow statement for the year ended 30 June 2016 are shown in the table below and have been treated as an exceptional item. The table below does not include BHP Billiton Brasil's share of the results of Samarco prior to the Samarco dam failure, which is disclosed in note 28 Investments accounted for using the equity method, along with the summary financial information related to Samarco as at 30 June 2016.

Financial impacts of Samarco dam failure
Year ended 30 June 2016

	US\$M
Income statement	
Expenses excluding net finance costs	
Costs incurred directly by BHP Billiton Brasil and other BHP Billiton entities in relation to the Samarco dam failure ^(a)	(70)
(Loss)/profit from equity accounted investments, related impairments and expenses	
Share of loss relating to the Samarco dam failure ^(b)	(655)
Impairment of the carrying value of the investment in Samarco ^(b)	(525)
Samarco dam failure provision ^(b)	(1,200)
Loss before taxation	(2,450)
Income tax benefit	253
Loss after taxation	(2,197)
Balance sheet movement	
Trade and other payables	(11)
Investments accounted for using the equity method	(1,180)
Deferred tax assets	(158)
Provisions	(1,200)
Deferred tax liabilities	411
Net liabilities	(2,138)
Cash flow statement	
Loss before taxation	(2,450)
<i>Comprising:</i>	
Costs incurred directly by BHP Billiton Brasil and other BHP Billiton entities in relation to the Samarco dam failure ^(a)	(70)
Share of loss relating to the Samarco dam failure ^(b)	(655)
Impairment of the carrying value of the investment in Samarco ^(b)	(525)
Samarco dam failure provision ^(b)	(1,200)
Non-cash items	2,391
Net operating cash flows	(59)

(a) Includes legal and advisor costs incurred.

- (b) BHP Billiton Brasil has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment) and recognised a provision of US\$(1,200) million for potential obligations under the Framework Agreement (defined on page F-20). US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense.

Equity accounted investment in Samarco

The following table details the movement in the carrying value of BHP Billiton Brasil's equity accounted investment in Samarco:

Year ended 30 June 2016

	US\$M
At the beginning of the financial year	1,044
Share of operating profit prior to the Samarco dam failure	136
Share of loss relating to the Samarco dam failure ^(a)	(655)
Impairment of the carrying value of the investment in Samarco ^(a)	(525)
Samarco dam failure provision ^(a)	(1,200)
(Loss)/profit from equity accounted investments, related impairments and expenses	(2,244)
Loss and expenses recognised as a provision for Samarco dam failure ^(b)	1,200
Dividends received ^(c)	
Investment	

At the end of the financial year

- (a) BHP Billiton Brasil has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment) and recognised a provision of US\$(1,200) million for potential obligations under the Framework Agreement (defined below). US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense.
- (b) As the investment carrying value has been adjusted to US\$ nil, additional share of Samarco losses US\$(572) million and Samarco dam failure provision expense US\$(628) million are included in the provision for Samarco dam failure. This reflects BHP Billiton Brasil's US\$(1,200) million potential legal funding obligation to the Foundation as a result of the Framework Agreement (defined below).
- (c) Samarco currently does not have profits available for distribution and is legally prevented from paying previously declared and unpaid dividends.

At the half year ended 31 December 2015, the Group assessed the recoverability of its investment in light of uncertainties surrounding the nature and timing of ongoing future operations. As a result, an impairment charge of US\$525 million was recognised, reducing the investment balance to US\$ nil.

As described below, the Group has recognised a provision of US\$1,200 million at 30 June 2016 in respect of BHP Billiton Brasil's potential obligation under the Framework Agreement (defined below). This reflects the ongoing uncertainty surrounding the nature and timing of a potential restart of Samarco's operations. In doing so, the Group has recognised BHP Billiton Brasil's share of all losses recognised by Samarco to 30 June 2016.

F-19

Provision for Samarco dam failure**Year ended 30 June 2016**

	US\$M
At the beginning of the financial year	
Provision recognition, comprising:	
Share of loss relating to the Samarco dam failure	572
Samarco dam failure provision expense	628
At the end of the financial year	1,200
Comprising:	
Current	300
Non-current	900

Dam failure provisions and contingencies

As at 30 June 2016, BHP Billiton Brasil has identified provisions and contingent liabilities arising as a consequence of the Samarco dam failure as follows:

*Environment and socio-economic remediation**Framework Agreement*

On 2 March 2016, BHP Billiton Brasil, together with Samarco and Vale, entered into a Framework Agreement (Agreement) with the Federal Attorney General of Brazil, the states of Espírito Santo and Minas Gerais and certain other public authorities to establish a Foundation that will develop and execute environmental and socio-economic programs to remediate and provide compensation for damage caused by the Samarco dam failure. On 5 May 2016, the Agreement was ratified by the Federal Court of Appeal suspending the public civil claim disclosed below.

The Federal Prosecutor's Office appealed the ratification of the Agreement and on 30 June 2016, the Superior Court of Justice in Brazil issued a preliminary order (Interim Order) suspending the 5 May 2016 ratification of the Agreement.

Samarco, Vale and BHP Billiton Brasil have appealed the Interim Order before the Superior Court of Justice.

The term of the Agreement is 15 years, renewable for periods of one year successively until all obligations under the Agreement have been performed. Under the Agreement, Samarco is responsible for funding the Foundation with calendar year contributions as follows:

R\$2 billion (approximately US\$620 million) in 2016, less the amount of funds already spent on, or allocated to, remediation and compensation activity;

R\$1.2 billion (approximately US\$370 million) in 2017;

R\$1.2 billion (approximately US\$370 million) in 2018;

R\$500 million (approximately US\$155 million) for a special project to be spent on sewage treatment and landfill works from 2016 to 2018.

Annual contributions for each of the years 2019, 2020 and 2021 will be in the range of R\$800 million (approximately US\$250 million) and R\$1.6 billion (approximately US\$500 million), depending on the remediation and compensation projects which are to be undertaken in the particular year. Annual contributions may be reviewed under the Agreement. To the extent that Samarco does not meet its funding obligations under the Agreement, each of Vale and BHP Billiton Brasil has potential funding obligations under the Agreement in proportion to its 50 per cent shareholding in Samarco.

Mining and processing operations remain suspended following the dam failure. Samarco is currently progressing plans to resume operations, however significant uncertainties surrounding the nature and timing of ongoing future operations remain. In light of these uncertainties and based on currently available information, BHP Billiton Brasil has recognised a provision of US\$1,200 million before tax and after discounting at 30 June 2016, in respect of its potential obligations under the Agreement.

The measurement of the provision requires the use of estimates and assumptions and may be affected by, amongst other factors, potential changes in scope of work required under the Agreement including further technical analysis, costs incurred in respect of programs delivered, resolution of uncertainty in respect of operational restart, updates to discount and foreign exchange rates, resolution of existing and potential legal claims and the status of the Agreement. As a result, future actual expenditures may differ from the amounts currently provided and changes to key assumptions and estimates could result in a material impact to the amount of the provision in future reporting periods.

On 28 July 2016, BHP Billiton Brasil approved US\$134 million to support the Foundation, in the event that Samarco does not meet its funding obligations under the Agreement. Any support to the Foundation provided by BHP Billiton Brasil will be offset against the provision for the Samarco dam failure recognised at 30 June 2016.

Legal

The following matters are disclosed as contingent liabilities:

BHP Billiton Brasil is among the companies named as defendants in a number of legal proceedings initiated by individuals, non-governmental organisations (NGOs), corporations and governmental entities in Brazilian federal and state courts following the Samarco dam failure. The other defendants include Vale and Samarco. The lawsuits include claims for compensation, environmental rehabilitation and violations of Brazilian environmental and other laws, among other matters. The lawsuits seek various remedies, including rehabilitation costs, compensation to injured individuals and families of the deceased, recovery of personal and property losses, moral damages and injunctive relief. These legal proceedings include civil public actions filed by state prosecutors in Minas Gerais (claiming damages of approximately R\$7.5 billion, US\$2.3 billion), public defenders in Minas Gerais (claiming damages of approximately R\$10 billion, US\$3.1 billion) and state prosecutors in Espírito Santo (claiming damages of approximately R\$2 billion, US\$620 million). Given the preliminary status of all these proceedings, and the duplicative nature of the damages sought in these proceedings and the R\$20 billion (US\$6.2 billion) and R\$155 billion (US\$48 billion) claims noted below, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

In addition, government inquiries and investigations relating to the Samarco dam failure have been commenced by numerous agencies of the Brazilian government and are ongoing.

Public civil claim

Among the claims brought against BHP Billiton Brasil, is a public civil claim commenced by the Federal Government of Brazil, the states of Espírito Santo, Minas Gerais and other public authorities on 30 November 2015, seeking the establishment of a fund of up to R\$20 billion (approximately US\$6.2 billion) in aggregate for clean-up costs and damages.

On 2 March 2016, BHP Billiton Brasil, together with Samarco and Vale, entered into the Agreement. Ratification of the Agreement by the Federal Court of Appeal on 5 May 2016 suspended this public civil claim. However, it was reinstated on 30 June 2016 upon issue of the Interim Order by the Superior Court of Justice in Brazil. As noted above, BHP Billiton Brasil has recognised a provision as of 30 June 2016 of US\$1,200 million after tax and discounting in respect of its potential obligations under the Agreement. While an appeal has been commenced against the Interim

Order, given the status of the appeal it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil in relation to the R\$20 billion (approximately US\$6.2 billion) claim.

F-21

Federal Public Prosecution Office claim

BHP Billiton Brasil is among the defendants named in a claim brought by the Federal Public Prosecution Office on 3 May 2016, seeking R\$155 billion (approximately US\$48 billion) for reparation, compensation and moral damages in relation to the Samarco dam failure. Given the preliminary status of these proceedings, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for BHP Billiton Brasil.

Class action complaint

In February 2016, a putative class action complaint (Complaint) was filed in the U.S. District Court for the Southern District of New York on behalf of purchasers of American Depository Receipts of BHP Billiton Ltd and Plc between 25 September 2014 and 30 November 2015 against BHP Billiton Ltd and Plc and certain of its current and former executive officers and directors. The Complaint asserts claims under U.S. federal securities laws and indicates that the plaintiff will seek certification to proceed as a class action.

The amount of damages sought by the plaintiff on behalf of the putative class is unspecified. Given the preliminary status of this matter, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures to BHP Billiton.

Other claims

Additional lawsuits and government investigations relating to the Samarco dam failure may be brought against BHP Billiton Brasil and possibly other BHP Billiton entities in Brazil or other jurisdictions.

BHP Billiton's potential liabilities, if any, resulting from other pending and future claims, lawsuits and enforcement actions relating to the Samarco dam failure, together with the potential cost of implementing remedies sought in the various proceedings, cannot be reliably estimated at this time and therefore a provision has not been recognised and nor has any contingent liability been quantified for such matters.

Ultimately, all the legal matters disclosed as contingent liabilities could have a material adverse impact on BHP Billiton's business, competitive position, cash flows, prospects, liquidity and shareholder returns.

BHP Billiton Insurance

BHP Billiton has third party liability insurance for claims related to the Samarco dam failure made directly against BHP Billiton Brasil or other BHP Billiton entities. Such claims may be externally insured up to US\$360 million (when adjusted for BHP Billiton Brasil's interest in Samarco). External insurers have been advised of the Samarco dam failure although no formal claim has currently been made under the policy. At 30 June 2016, an insurance receivable has not been recognised for any potential recoveries under insurance arrangements.

Commitments

Under the terms of the Samarco joint venture agreement, BHP Billiton Brasil does not have an existing obligation to fund Samarco.

On 28 July 2016, BHP Billiton Brasil made available a short-term facility to Samarco of up to US\$116 million to carry out remediation and stabilisation work and support Samarco's operations. Funds will be released to Samarco only as required and subject to the achievement of key milestones.

Any additional requests for funding or future investment provided would be subject to a future decision, accounted for at that time.

F-22

The following section includes disclosure required by IFRS of Samarco Mineração S.A.'s provisions, contingencies and other matters arising from the dam failure.

Samarco

Dam failure related provisions and contingencies

As at 30 June 2016 Samarco has identified provisions and contingent liabilities arising as a consequence of the Samarco dam failure as follows:

Environment and socio-economic remediation

Framework Agreement

On 2 March 2016, Samarco, together with Vale and BHP Billiton Brasil, entered into a Framework Agreement (Agreement) with the Federal Attorney General of Brazil, the states of Espírito Santo and Minas Gerais and certain other public authorities to establish a Foundation that will develop and execute environmental and socio-economic programs to remediate and provide compensation for damage caused by the Samarco dam failure. On 5 May 2016, the Agreement was ratified by the Federal Court of Appeal suspending the public civil claim disclosed below.

The Federal Prosecutor's Office appealed the ratification of the Agreement and on 30 June 2016, the Superior Court of Justice in Brazil issued a preliminary order (Interim Order) suspending the 5 May 2016 ratification of the Agreement.

Samarco, Vale and BHP Billiton Brasil have appealed the Interim Order before the Superior Court of Justice.

The term of the Agreement is 15 years, renewable for periods of one year successively until all obligations under the Agreement have been performed. Under the Agreement, Samarco is responsible for funding the Foundation with calendar year contributions as follows:

R\$2 billion (approximately US\$620 million) in 2016, less the amount of funds already spent on, or allocated to, remediation and compensation activity;

R\$1.2 billion (approximately US\$370 million) in 2017;

R\$1.2 billion (approximately US\$370 million) in 2018;

R\$500 million (approximately US\$155 million) for a special project to be spent on sewage treatment and landfill works from 2016 to 2018.

Annual contributions for each of the years 2019, 2020 and 2021 will be in the range of R\$800 million (approximately US\$250 million) and R\$1.6 billion (approximately US\$500 million), depending on the remediation and compensation projects which are to be undertaken in the particular year. Annual contributions may be reviewed under the Agreement.

As at 30 June 2016, Samarco has a provision of US\$2,400 million before tax and after discounting, in relation to its obligations under the Agreement based on currently available information. The measurement of the provision requires

the use of estimates and assumptions and may be affected by, amongst other factors, potential changes in scope of work required under the Agreement including further technical analysis, costs incurred in respect of programs delivered, resolution of uncertainty in respect of operational restart, updates to discount and foreign exchange rates, resolution of existing and potential legal claims and the status of the Agreement. As a result, future actual expenditures may differ from the amounts currently provided and changes to key assumptions and estimates could result in a material impact to the amount of the provision in future reporting periods.

F-23

Other

As at 30 June 2016, Samarco has recognised provisions of US\$172 million, in addition to its obligations under the Agreement, based on currently available information. The magnitude, scope and timing of these additional costs are subject to a high degree of uncertainty and Samarco has indicated that it anticipates that it will incur future costs beyond those provided. These uncertainties are likely to continue for a significant period and changes to key assumptions could result in a material change to the amount of the provision in future reporting periods. Any such unrecognised obligations are therefore contingent liabilities and, at present, it is not practicable to estimate their magnitude or possible timing of payment. Accordingly, it is also not possible to provide a range of possible outcomes or a reliable estimate of total potential future exposures at this time.

Legal

Samarco has been named as defendant in a number of legal proceedings initiated by individuals, NGOs, corporations and governmental entities in Brazilian federal and state courts following the Samarco dam failure. These lawsuits include claims for compensation, environmental rehabilitation and violations of Brazilian environmental and other laws, among other matters. The lawsuits seek various remedies, including rehabilitation costs, compensation to injured individuals and families of the deceased, recovery of personal and property losses, moral damages and injunctive relief. These legal proceedings include civil public actions filed by state prosecutors in Minas Gerais (claiming damages of approximately R\$7.5 billion, US\$2.3 billion), public defenders in Minas Gerais (claiming damages of approximately R\$10 billion, US\$3.1 billion), and state prosecutors in Espírito Santo (claiming damages of approximately R\$2 billion, US\$620 million). Given the preliminary status of all these proceedings, and the duplicative nature of the damages sought in these proceedings and the R\$20 billion (US\$6.2 billion) and R\$155 billion (US\$48 billion) claims noted below, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

In addition, government investigations of the Samarco dam failure by numerous agencies of the Brazilian government have commenced and are ongoing.

Public civil claim

Among the claims brought against Samarco, is a public civil claim commenced by the Federal Government of Brazil, the states of Espírito Santo, Minas Gerais and other public authorities on 30 November 2015, seeking the establishment of a fund of up to R\$20 billion (approximately US\$6.2 billion) in aggregate for clean-up costs and damages.

On 2 March 2016, Samarco, together with Vale and BHP Billiton Brasil, entered into the Agreement. Ratification of the Agreement by the Federal Court of Appeal on 5 May 2016 suspended this public civil claim. However, it was reinstated on 30 June 2016 upon issue of the Interim Order by the Superior Court of Justice in Brazil. As noted above, Samarco has recognised a provision as of 30 June 2016 of US\$2,400 million before tax and discounting in respect of its potential obligations under the Agreement. While an appeal has been commenced against the Interim Order, given the status of the appeal it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco in relation to the R\$20 billion (approximately US\$6.2 billion) claim.

Federal Public Prosecution Office claim

Samarco is among the defendants named in a claim brought by the Federal Public Prosecution Office on 3 May 2016, seeking R\$155 billion (approximately US\$48 billion) for reparation, compensation and moral damages in relation to the Samarco dam failure. Given the preliminary status of these proceedings, it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures for Samarco.

F-24

Other claims

Other pending lawsuits and investigations are at the early stages of proceedings. Until further facts are developed; court rulings clarify the issues in dispute, liability and damages; trial activity nears, or other actions such as possible settlements occur, it is not possible to arrive at a range of outcomes or a reliable estimate of Samarco's obligations arising from these matters and therefore Samarco has not recognised a provision or quantified a contingent liability.

Additional claims may be brought against Samarco. A provision has not been made by Samarco for claims yet to be filed. Given the significant uncertainties surrounding possible outcomes it is not possible for Samarco to arrive at a range of outcomes or a reliable estimate of the liability for any unfiled claims.

Samarco Insurance

Samarco has standalone insurance policies in place with Brazilian and global insurers. Samarco has notified insurers including those covering property, project and liability risks. Insurers have appointed loss adjusters or claims representatives to investigate and assist with the claims process. The respective adjustment processes for these policies continues. An insurance receivable has not been recognised by Samarco for any recoveries under insurance arrangements at 30 June 2016.

Samarco Commitments

At 30 June 2016, Samarco has commitments of US\$1,482 million (2015: US\$2,544 million). Following the dam failure Samarco invoked force majeure clauses in a number of long-term contracts with suppliers and service providers to suspend contractual obligations.

Samarco non-dam failure related contingent liabilities

The following non-dam failure related contingent liabilities pre-date and are unrelated to the Samarco dam failure. Samarco is currently contesting both of these matters in the Brazilian courts. Given the status of the proceedings, the timing of resolution and potential economic outflow are uncertain. BHP Billiton entities have no legal obligation related to these matters.

Brazilian Social Contribution Levy

Samarco has received tax assessments for the alleged non-payment of Brazilian Social Contribution Levy for the calendar years 2008 to 2014 totalling approximately R\$3.9 billion (approximately US\$1.2 billion).

Brazilian corporate income tax rate

Samarco has received tax assessments for alleged incorrect calculation of Corporate Income Tax (IRPJ) in respect of the 2000 to 2002 and 2007 to 2014 income years totalling approximately R\$3.3 billion (approximately US\$1.0 billion).

4. Expenses and other income

	2016	2015	2014
	US\$M	US\$M	US\$M
Employee benefits expense:			
Wages, salaries and redundancies	3,414	4,537	4,799
Employee share awards	140	203	214
Social security costs	2	2	3
Pension and other post-retirement obligations	232	358	529
Less employee benefits expense classified as exploration and evaluation expenditure	(86)	(129)	(132)
Raw materials and consumables used	4,063	4,667	5,540
Freight and transportation	2,226	2,644	3,119
External services	4,984	6,284	6,780
Third party commodity purchases	1,013	1,165	1,702
Net foreign exchange (gains)/losses	(153)	(469)	168
Government royalties paid and payable	1,349	1,708	2,412
Depreciation and amortisation expense	8,661	9,158	7,716
Exploration and evaluation expenditure incurred and expensed in the current period	430	670	698
Net impairments:			
Property, plant and equipment	7,377	3,445	455
Goodwill and other intangible assets	17	570	17
Available for sale financial assets		9	6
Operating lease rentals	528	636	665
All other operating expenses	1,290	1,552	1,832
Total expenses	35,487	37,010	36,523
Gains on divestment of subsidiaries and operations	(14)	(15)	(673)
Other income	(430)	(481)	(552)
Total other income	(444)	(496)	(1,225)

Other income is generally income earned from transactions outside the course of the Group's ordinary activities and may include certain management fees from non-controlling interests and joint venture arrangements, dividends income, royalties, commission income and gains or losses on sale of property, plant and equipment.

Recognition and measurement

Income is recognised where it is probable that the economic benefits associated with a transaction will flow to the Group and they can be reliably measured. Dividends are recognised upon declaration.

5. Income tax expense

	2016 US\$M	2015 US\$M	2014 US\$M
Total taxation (benefit)/expense comprises:			
Current tax expense	2,456	3,168	6,353
Deferred tax (benefit)/expense	(3,508)	498	427
	(1,052)	3,666	6,780
	2016 US\$M	2015 US\$M	2014 US\$M
Factors affecting income tax expense for the year			
Income tax expense differs to the standard rate of corporation tax as follows:			
(Loss)/profit before taxation	(7,259)	8,056	21,735
Tax on (loss)/profit at Australian prima facie tax rate of 30 per cent	(2,178)	2,417	6,521
Impact of tax rates applicable outside of Australia	(620)	(301)	49
Tax on remitted and unremitted foreign earnings	(376)	58	169
Recognition of previously unrecognised tax assets	(36)	(212)	(45)
Investment and development allowance	(36)	(190)	(223)
Amounts (over)/under provided in prior years	(28)	138	(147)
Tax rate changes	14	137	20
Foreign exchange adjustments	125	339	(34)
Tax effect of (loss)/profits from equity accounted investments, related impairments and expenses ^(a)	631	(164)	(356)
Non-tax effected operating losses and capital gains	671	143	11
Other	536	397	301
Income tax (benefit)/expense	(1,297)	2,762	6,266
Royalty-related taxation (net of income tax benefit)	245	904	514
Total taxation (benefit)/expense	(1,052)	3,666	6,780

^(a) The (loss)/profits from equity accounted investments, related impairments and expenses is net of income tax. This item removes the prima facie tax effect on such profits, related impairments and expenses.

Income tax recognised in other comprehensive income is as follows:

	2016 US\$M	2015 US\$M	2014 US\$M
Income tax effect of:			
<u>Items that may be reclassified subsequently to the income statement:</u>			
Available for sale investments:			
Net valuation gains/(losses) taken to equity	(1)	1	2
Net valuation gains transferred to the income statement		34	2
Cash flow hedges:			
(Losses)/gains taken to equity	170	539	(204)
Losses/(gains) transferred to the income statement	(199)	(545)	203
Income tax (charge)/credit relating to items that may be reclassified subsequently to the income statement	(30)	29	3
<u>Items that will not be reclassified to the income statement:</u>			
Remeasurement (losses)/gains on pension and medical schemes	5	14	(6)
Employee share awards transferred to retained earnings on exercise	(22)	(31)	18
Income tax (charge)/credit relating to items that will not be reclassified to the income statement	(17)	(17)	12
Total income tax (charge)/credit relating to components of other comprehensive income ^(a)	(47)	12	15

^(a) Included within total income tax relating to components of other comprehensive income is US\$(25) million relating to deferred taxes and US\$(22) million relating to current taxes (2015: US\$43 million and US\$(31) million; 2014: US\$(1) million and US\$16 million).

Recognition and measurement

Taxation on the (loss)/profit for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in equity.

Current tax

Current tax is the expected tax on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not recognised for temporary differences relating to:

initial recognition of goodwill;

initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

investment in subsidiaries, associates and jointly controlled entities where the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Royalty-related taxation

Royalties and resource rent taxes are treated as taxation arrangements (impacting income tax expense/benefit) when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for temporary differences. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in expenses.

Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset and when the tax balances are related to taxes levied by the same tax authority and the Group intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

Uncertain tax and royalty matters

The Group operates across many tax jurisdictions. Application of tax law can be complex and requires judgement to assess risk and estimate outcomes, particularly in relation to the Group's cross-border operations and transactions. The evaluation of tax risks considers both amended assessments received and potential sources of challenge from tax authorities. The status of proceedings for these matters will impact the ability to determine the potential exposure and in some cases, it may not be possible to determine a range of possible outcomes or a reliable estimate of the potential exposure.

The Group presently has unresolved tax and royalty matters for which the timing of resolution and potential economic outflow are uncertain. Tax and royalty matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings.

Tax and royalty obligations assessed as having probable future economic outflows capable of reliable measurement are adequately provided for at 30 June 2016. Matters without a probable economic outflow and / or presently incapable of being measured reliably are contingent liabilities and disclosed in note 32 Contingent liabilities . Irrespective of whether the potential economic outflow of the matter has been assessed as probable or possible, individually significant matters are included below, to the extent that disclosure does not prejudice the Group.

Transfer pricing Sales of commodities to BHP Billiton Marketing AG in Singapore

The Group is currently in dispute with the Australian Taxation Office (ATO) regarding the price at which the Group's Australian entities sell commodities to the Group's principal marketing entity in Singapore, BHP Billiton Marketing AG.

In April 2014, the Group received amended assessments for 2003 to 2008 totalling US\$270 million (A\$362 million) (inclusive of interest and penalties). In May 2016, the Group received further amended assessments totalling US\$400 million (A\$537 million) (inclusive of interest and penalties) for 2009 to 2013.

As a consequence of the finalisation of the transfer pricing audit for 2009 to 2013, the Group also received an amended assessment in relation to its 2013 MRRT return totalling US\$87 million (A\$117 million).

The Group has formally objected to the amended assessments. The ATO has yet to advise its decision on the objections to these amended assessments.

The Group has made payments of approximately US\$221 million (A\$276 million) to the ATO in relation to the assessments under dispute pending resolution of the matter.

**Controlled Foreign
Companies dispute**

The Group is currently in dispute with the ATO regarding whether profits earned globally by BHP Billiton's marketing organisation from the on-sale of commodities acquired from Australian subsidiaries of BHP Billiton Plc are subject to top-up tax in Australia under the Controlled Foreign Companies rules.

The Group received amended assessments for 2006 to 2010 for primary tax of US\$76 million (A\$102 million), and interest of US\$24 million (A\$32 million) and penalties of US\$19 million (A\$26 million) on 7 June 2011 (2006 to 2008 income years) and 19 December 2014 (2009 and 2010 income years). The Group has objected to these amended assessments. On 30 June 2016, the Group received the ATO's decision relating to the Group's objection against amended assessments for the 2006 to 2010 income years. The objections were allowed in part by the ATO. The ATO also determined that the Group was not liable for any penalties for the 2006 to 2010 income years. As a result of the objections being determined, it is estimated the primary tax subject to dispute for the 2006 to 2010 income years will total US\$32 million (A\$43 million).

On 26 May 2016, the Group received amended assessments for primary tax of US\$12 million (A\$16 million) relating to the 2012 and 2013 income years, and interest of US\$2 million (A\$3 million) (with nil penalties).

Royalty reassessments dispute with Queensland Office of State Revenue

The Group has lodged applications with the Supreme Court of Queensland pertaining to disputed royalty reassessments issued by the Queensland Office of State Revenue (OSR) in relation to its share of BHP Billiton Mitsubishi Alliance (BMA) coal.

The dispute relates to the basis for calculating the value of coal for royalty purposes under Queensland law. The reassessments relate to the period of 1 July 2005 to 30 September 2015. The reassessments total US\$168 million (A\$225 million) in royalties and US\$78 million (A\$104 million) in interest (BHP Billiton share).

Samarco tax assessments

Details of uncertain tax and royalty matters relating to Samarco are disclosed in note 3 Significant events Samarco dam failure .

Key judgements and estimates

Income tax classification

The Group's accounting policy for taxation, including royalty-related taxation, requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost.

Deferred tax

Judgement is required to determine the amount of deferred tax assets that are recognised based on the likely timing and the level of future taxable profits. The Group assesses the recoverability of recognised and unrecognised deferred taxes, including losses in Australia, the United States and Canada and the recognition of deferred tax assets of capital allowances in Australia, on a consistent basis, using assumptions and projected cash flows as applied in the Group impairment reviews for associated operations.

Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Uncertain tax matters

Judgements are required about the application of income tax legislation and its interaction with income tax accounting principles. These judgements are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised.

Where the final tax outcomes are different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which the determination is made.

Measurement of uncertain tax and royalty matters considers a range of possible outcomes, including assessments received from tax authorities. Where management is of the view that potential liabilities have a low probability of crystallising, or it is not possible to quantify them reliably, they are disclosed as contingent liabilities (refer to note 32

Contingent liabilities).

F-31

6. Earnings per share

	2016	2015	2014
(Loss)/earnings attributable to owners of BHP Billiton Group (US\$M)			
Continuing operations	(6,385)	3,483	13,648
Total	(6,385)	1,910	13,832
Weighted average number of shares (Million)			
Basic	5,322	5,318	5,321
Diluted	5,322	5,333	5,338
Basic (loss)/earnings per ordinary share (US cents)			
Continuing operations	(120.0)	65.5	256.5
Total	(120.0)	35.9	260.0
Diluted (loss)/earnings per ordinary share (US cents)			
Continuing operations	(120.0)	65.3	255.7
Total	(120.0)	35.8	259.1

Refer to note 26 Discontinued operations for basic earnings per share and diluted earnings per share for Discontinued operations.

Earnings on American Depositary Shares represent twice the earnings for BHP Billiton ordinary shares.

Recognition and measurement

Diluted earnings attributable to owners of the BHP Billiton Group are equal to the earnings attributable to owners of the BHP Billiton Group.

The calculation of the number of ordinary shares used in the computation of basic earnings per share is the aggregate of the weighted average number of ordinary shares of BHP Billiton Limited and BHP Billiton Plc outstanding during the period after deduction of the number of shares held by the Billiton Employee Share Ownership Plan Trust and the BHP Billiton Limited Employee Equity Trust.

The conversion of options and share rights would decrease the loss per share for the year ended 30 June 2016 and therefore its impact has been excluded from the diluted earnings per share calculation (2015: 160,116 antidilutive shares; 2014: 183,181 antidilutive shares).

For the purposes of calculating diluted earnings per share, the effect of 15 million of dilutive shares has been taken into account for the year ended 30 June 2015 and 17 million shares for the year ended 30 June 2014. The Group's only potential dilutive ordinary shares are share awards granted under the employee share ownership plans for which terms and conditions are described in note 23 Employee share ownership plans.

Working capital**7. Trade and other receivables**

	2016	2015
	US\$M	US\$M
Trade receivables	1,730	2,982
Loans to equity accounted investments	897	995
Other receivables	1,395	1,843
Total	4,022	5,820
Comprising:		
Current	3,155	4,321
Non-current	867	1,499

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment.

The collectability of trade receivables is assessed continuously and at reporting date specific allowances are made for any doubtful receivables based on a review of all outstanding amounts at reporting period-end. Individual receivables are written off when management deems them unrecoverable. The net carrying amount of trade and other receivables approximates their fair values.

Credit risk

Trade receivables generally have terms of less than 30 days. The Group has no material concentration of credit risk with any single counterparty and is not dominantly exposed to any individual industry.

Credit risk can arise from the non-performance by counterparties of their contractual financial obligations towards the Group. To manage credit risk, the Group maintains Group-wide procedures covering the application for credit approvals, granting and renewal of counterparty limits, proactive monitoring of exposures against these limits and requirements triggering secured payment terms. As part of these processes, the credit exposures with all counterparties are regularly monitored and assessed on a timely basis. The credit quality of the Group's customers is reviewed and assessed for impairment where indicators of such impairment exist. The solvency of each debtor and their ability to pay on the receivable is considered in assessing receivables for impairment.

Receivables are deemed to be past due or impaired in accordance with the Group's terms and conditions. These terms and conditions are determined on a case-by-case basis with reference to the customer's credit quality, payment performance and prevailing market conditions. At 30 June 2016, trade receivables are stated net of provisions for doubtful debts of US\$ nil (2015: US\$6 million). As of 30 June 2016, trade receivables of US\$12 million (2015: US\$10 million) were past due but not impaired. The majority of these receivables were less than 30 days overdue. As at the reporting date, there are no indications that the debtors will not meet their payment obligations.

8. Trade and other payables

	2016	2015
	US\$M	US\$M
Trade creditors	3,662	4,857
Other creditors	1,740	2,561
Total	5,402	7,418
Comprising:		
Current	5,389	7,389
Non-current	13	29

9. Inventories

	2016	2015	Definitions
	US\$M	US\$M	
Raw materials and consumables	1,394	1,683	Spares, consumables and other supplies yet to be utilised in the production process or in the rendering of services.
Work in progress	2,149	2,297	Commodities currently in the production process that require further processing by the Group to a saleable form.
Finished goods	632	778	Commodities held-for-sale and not requiring further processing by the Group.
Total (a)	4,175	4,758	
Comprising:			
Current	3,411	4,292	Inventories classified as non-current are not expected to be utilised or sold within 12 months after the reporting date.
Non-current	764	466	

(a) Inventory write-downs of US\$118 million were recognised during the year (2015: US\$182 million; 2014: US\$95 million). Inventory write-downs of US\$118 million made in previous periods were reversed during the year (2015: US\$42 million; 2014: US\$69 million).

Recognition and measurement

Regardless of the type of inventory and its stage in the production process, inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of average costs. For processed inventories, cost is derived on an absorption costing basis. Cost comprises costs of purchasing raw materials and costs of production, including attributable mining and manufacturing overheads taking into consideration normal operating capacity.

Minerals inventory quantities are assessed primarily through surveys and assays, while petroleum inventory quantities are derived through flow rate or tank volume measurement and the composition is derived via sample analysis.

F-34

Key judgements and estimates

Accounting for inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of inventory on hand within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group taking into account technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

During the period, estimates of recoverable copper in the Escondida sulphide leach pad were increased to reflect higher than expected recovery as a result of operational improvements and enhanced information about pad performance. The impact on after tax profit for FY2016 is US\$269 million and is expected to be approximately US\$288 million in FY2017.

Resource assets

10. Property, plant and equipment

	Land and buildings US\$M	Plant and equipment US\$M	Other mineral assets US\$M	Assets under construction US\$M	Exploration and evaluation US\$M	Total US\$M
Net book value 30 June 2016						
At the beginning of the financial year	8,762	48,361	21,069	14,502	1,378	94,072
Additions ^(a)	4	(89)	750	5,337	344	6,346
Depreciation for the year	(574)	(6,780)	(1,090)		4	(8,440)
Impairments, net of reversals	(49)	(2,892)	(4,432)		(4)	(7,377)
Disposals	(15)	(64)	(8)	(13)	(10)	(110)
Divestment and demerger of subsidiaries and operations	(39)	(120)	(5)	(3)		(167)
Exchange variations taken to reserve		2				2
Transfers and other movements	916	9,348	(342)	(10,262)	(11)	(351)
At the end of the financial year	9,005	47,766	15,942	9,561	1,701	83,975
Cost	12,425	98,688	30,924	9,562	2,612	154,211
Accumulated depreciation and impairments	(3,420)	(50,922)	(14,982)	(1)	(911)	(70,236)
Net book value 30 June 2015						
At the beginning of the financial year	9,981	57,426	24,710	15,311	1,359	108,787
Additions ^(a)		(563)	921	10,788	215	11,361
Depreciation for the year	(659)	(7,443)	(1,607)		(1)	(9,710)
Impairments, net of reversals	(76)	(2,632)	(1,328)			(4,036)
Disposals	(10)	(80)			(1)	(91)
Divestment and demerger of subsidiaries and operations	(1,459)	(7,703)	(1,564)	(1,001)	(40)	(11,767)

Edgar Filing: BHP BILLITON LTD - Form 20-F/A

Exchange variations taken to reserve		(8)				(8)
Transfers and other movements	985	9,364	(63)	(10,596)	(154)	(464)
At the end of the financial year	8,762	48,361	21,069	14,502	1,378	94,072
Cost	11,689	90,571	30,814	14,502	2,630	150,206
Accumulated depreciation and impairments	(2,927)	(42,210)	(9,745)		(1,252)	(56,134)

(a) Includes net foreign exchange gains/losses related to the closure and rehabilitation provisions. Refer to note 14 Closure and rehabilitation provisions .

Recognition and measurement

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment charges. Cost is the fair value of consideration given to acquire the asset at the time of its acquisition or construction and includes the direct costs of bringing the asset to the location and the condition necessary for operation and the estimated future costs of closure and rehabilitation of the facility.

Equipment leases

Assets held under lease, which result in the Group receiving substantially all of the risk and rewards of ownership are capitalised as property, plant and equipment at the lower of the fair value of the leased assets or the estimated present value of the minimum lease payments. Leased assets are depreciated on the same basis as owned assets or, where shorter, the lease term. The corresponding finance lease obligation is included within interest bearing liabilities. The interest component is charged to the income statement over the lease term to reflect a constant rate of interest over the remaining balance of the obligation.

Operating leases are not capitalised and rental payments are included in the income statement on a straight-line basis over the lease term. Ongoing contracted commitments under finance and operations leases are disclosed within note 31 Commitments .

Exploration and evaluation

Exploration costs are incurred to discover mineral and petroleum resources. Evaluation costs are incurred to assess the technical feasibility and commercial viability of resources found.

Exploration and evaluation expenditure is charged to the income statement as incurred, except in the following circumstances in which case the expenditure may be capitalised:

In respect of minerals activities:

the exploration and evaluation activity is within an area of interest that was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or

the existence of a commercially viable mineral deposit has been established.

In respect of petroleum activities:

the exploration and evaluation activity is within an area of interest for which it is expected that the expenditure will be recouped by future exploitation or sale; or

exploration and evaluation activity has not reached a stage that permits a reasonable assessment of the existence of commercially recoverable reserves.

Initial payments for the acquisition of intangible lease assets are capitalised and amortised over the term of the permit.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered through the successful exploitation of the area of interest or alternatively by its sale. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

Key judgements and estimates

Exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale, or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

Development expenditure

When proven mineral reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified as assets under construction within property, plant and equipment (refer to the mineral reserves definition under note 39 Reserve estimates). All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied.

The Group may use funds sourced from external parties to finance the acquisition and development of assets and operations. Finance costs are expensed as incurred, except where they relate to the financing of construction or development of qualifying assets. Borrowing costs directly attributable to acquiring or constructing a qualifying asset are capitalised during the development phase. Development expenditure is net of proceeds from the saleable material extracted during the development phase. On completion of development, all assets included in assets under construction are reclassified as either plant and equipment or other mineral assets and depreciation commences.

Key judgements and estimates

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions as to future events and circumstances. Estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the income statement.

Other mineral assets

Other mineral assets comprise:

capitalised exploration, evaluation and development expenditure for assets in production;

mineral rights and petroleum interests acquired;

capitalised development and production stripping costs.

Overburden removal costs

The process of removing overburden and other waste materials to access mineral deposits is referred to as stripping. Stripping is necessary to obtain access to mineral deposits and occurs throughout the life of an open-pit mine. Development and production stripping costs are classified as other mineral assets in property, plant and equipment.

Stripping costs are accounted for separately for individual components of an ore body. The determination of components is dependent on the mine plan and other factors, including the size, shape and geotechnical aspects of an ore body. The Group accounts for stripping activities as follows:

Development stripping costs

These are initial overburden removal costs incurred to obtain access to mineral deposits that will be commercially produced. These costs are capitalised when it is probable that future economic benefits (access to mineral ores) will flow to the Group and costs can be measured reliably.

Once the production phase begins, capitalised development stripping costs are depreciated using the units of production method based on the proven and probable reserves of the relevant identified component of the ore body to which the initial stripping activity benefits.

Production stripping costs

These are interburden removal costs incurred during the normal course of production activity, which commences after the first saleable minerals have been extracted from the component. Production stripping costs can give rise to two benefits, the accounting for which is outlined below:

	Production stripping activity	
Benefits of stripping activity	Extraction of ore (inventory) in current period.	Improved access to future ore extraction.
Period benefited	Current period	Future period(s)
Recognition and measurement criteria	When the benefits of stripping activities are realised in the form of inventory produced; the associated costs are recorded in accordance with the Group's inventory accounting policy.	When the benefits of stripping activities are improved access to future ore; production costs are capitalised when all the following criteria are met:

the production stripping activity improves access to a specific component of the ore body and it is probable that economic benefit arising from the improved access to future ore production will be realised;

the component of the ore body for which access has been improved can be identified;

costs associated with that component
can be measured reliably.

Allocation of costs

Production stripping costs are allocated between the inventory produced and the production stripping asset using a life-of-component waste-to-ore (or mineral contained) strip ratio. When the current strip ratio is greater than the estimated life-of-component ratio a portion of the stripping costs is capitalised to the production stripping asset.

F-38

Production stripping activity

Asset recognised from stripping activity	Inventory	Other mineral assets within property, plant and equipment.
Depreciation basis	Not applicable	On a component-by-component basis using the units of production method based on proven and probable reserves.

Key judgements and estimates

The identification of components of an ore body, as well as estimation of stripping ratios and mineral reserves by component require critical accounting judgements and estimates to be made by management. Changes to estimates related to life-of-component waste-to-ore (or mineral contained) strip ratios and the expected ore production from identified components are accounted for prospectively and may affect depreciation rates and asset carrying values.

Where assets are dedicated to a mine or petroleum lease, the below useful lives are subject to the lesser of the asset category's useful life and the life of the mine or petroleum lease, unless those assets are readily transferable to another productive mine or lease.

Depreciation

The estimation of useful lives, residual values and depreciation methods require significant management judgement and are reviewed annually. Any changes to useful lives may affect prospective depreciation rates and asset carrying values.

Depreciation of assets, other than land, assets under construction and capitalised exploration and evaluation that are not depreciated, is calculated using either the straight-line (SL) method or units of production (UoP) method, net of residual values, over the estimated useful lives of specific assets. The depreciation method and rates applied to specific assets reflect the pattern in which the asset's benefits are expected to be used by the Group.

The table below summarises the principal depreciation methods and rates applied to major asset categories by the Group.

Category	Buildings	Plant and equipment	Mineral rights and petroleum interests	Capitalised exploration, evaluation and development expenditure
Typical depreciation methodology	SL	SL	UoP	UoP
Depreciation rate	25 to 50 years	3 to 30 years	Based on the rate of depletion of reserves	Based on the rate of depletion of reserves

11. Intangible assets

	Goodwill	2016 Other intangibles	Total	Goodwill	2015 Other intangibles	Total
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Net book value						
At the beginning of the financial year	3,274	1,018	4,292	4,034	1,405	5,439
Additions		78	78		82	82
Amortisation for the year		(221)	(221)		(243)	(243)
Impairments for the year	(1)	(16)	(17)	(542)	(28)	(570)
Disposals		(10)	(10)		(8)	(8)
Divestment and demerger of subsidiaries and operations				(218)	(190)	(408)
Other		(3)	(3)			
At the end of the financial year	3,273	846	4,119	3,274	1,018	4,292
Cost	3,273	1,813	5,086	3,274	2,262	5,536
Accumulated amortisation and impairments		(967)	(967)		(1,244)	(1,244)

Recognition and measurement**Goodwill**

Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. Where consideration is less than the fair value of acquired net assets, the difference is recognised immediately in the income statement. Goodwill is not amortised and is measured at cost less any impairment losses.

Other intangibles

The Group capitalises amounts paid for the acquisition of identifiable intangible assets, such as software and licences where it is considered that they will contribute to future periods through revenue generation or reductions in cost. These assets, classified as finite life intangible assets, are carried in the balance sheet at the fair value of consideration paid less accumulated amortisation and impairment charges. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives. The estimated useful lives are generally no greater than eight years.

12. Impairment of non-current assets

Year ended 30 June 2016					Year ended 30 June 2015					
Cash generating unit	Segment	Property, Goodwill plant and and other intangibles Total			Cash generating unit	Segment	Property, Goodwill plant and and other intangibles Total			
		US\$M	US\$M	US\$M			US\$M	US\$M	US\$M	US\$M
		Fayetteville	Petroleum	1,913				1,913	Onshore US	Petroleum
Haynesville	Petroleum	2,585		2,585	Hawkville	Petroleum	2,287		2,287	
Black Hawk	Petroleum	1,861		1,861	Other	Petroleum	435	42	477	
Hawkville	Petroleum	825		825			2,722	542	3,264	
		7,184		7,184						
					Nickel West	Group and unallocated	409		409	
Other	Various	193	17	210	Other	Various	318	28	346	
Total impairment of non-current assets		7,377	17	7,394	Total impairment of non-current assets		3,449	570	4,019	
Reversal of impairment					Reversal of impairment		(4)		(4)	
Net impairment of non-current assets		7,377	17	7,394	Net impairment of non- current assets		3,445	570	4,015	
Recognition and measurement										

Impairment tests are carried out annually for goodwill. In addition, impairment tests for all assets are performed when there is an indication of impairment. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement so as to reduce the carrying amount in the balance sheet to its recoverable amount.

Previously impaired assets (excluding goodwill) are reviewed for possible reversal of previous impairment at each reporting date. Impairment reversal cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or CGU. There were no material reversals of impairment in the current or prior year.

How recoverable amount is calculated

The recoverable amount is the higher of an asset's fair value less cost of disposal (FVLCD) and value in use (VIU). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units (CGUs)).

Valuation methods*Fair value less cost of disposal*

FVLCD is an estimate of the amount that a market participant would pay for an asset or CGU, less the cost of disposal. Fair value for mineral and petroleum assets is generally determined using independent market assumptions to calculate the present value of the estimated future cash flows expected to arise from the continued use of the asset, including the anticipated cash flow effects of any capital expenditure to enhance production or reduce cost, and its

eventual disposal where a market participant may take a consistent view. Cash flows are discounted using an appropriate post-tax market discount rate to arrive at a net present value of the asset which is compared against the asset's carrying value.

F-41

Value in use

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the VIU calculation is likely to give a different result (usually lower) to a fair value calculation.

Impairment of non-current assets (excluding goodwill)**Petroleum****What has been recognised?**

At 31 December 2015, the Group recognised an impairment charge of US\$7,184 million (US\$4,884 million after tax benefit) against the carrying value of individual Onshore US CGUs. There has been no further impairment relating to Onshore US CGUs in the six months to 30 June 2016.

What were the drivers of impairment?

As a result of significant volatility and weaker prices experienced in the oil and gas industry, management adjusted its medium-term and long-term price assumptions and discount rates, which had a significant flow through impact on asset valuations.

How were the valuations calculated?

Using these updated assumptions, valuations of the relevant Onshore US CGUs were calculated using FVLCD methodology, applying discounted cash flow techniques. The recoverable amount in each instance is equal to its estimated FVLCD. Future cash flow information is based upon the Group's latest budgets and project economic plans incorporating Level 3 fair value inputs as defined in note 21 Financial risk management .

What were the significant assumptions and estimates used in the valuations?

The valuations are most sensitive to changes in crude oil and natural gas prices, estimated future production volumes and discount rates. Key judgements and estimates used in determining FVLCD are disclosed below.

Impairment test for goodwill

The carrying amount of goodwill has been allocated to the CGUs, or groups of CGUs, as follows:

Cash generating units	2016	2015
	US\$M	US\$M
Onshore US	3,026	3,026
Other	247	248
	3,273	3,274

For the purpose of impairment testing, goodwill has been allocated to CGUs or groups of CGUs, that are expected to benefit from the synergies of previous business combinations, which represent the level at which management will monitor and manage goodwill. Onshore US goodwill is the most significant goodwill balance and has been tested for impairment after an assessment of the individual CGUs that it comprises.

Onshore US goodwill

Carrying value	US\$3,026 million (2015: \$3,026 million).
Impairment test conclusion as at 30 June 2016	No impairment charge is required as at 30 June 2016 (30 June 2015: \$500 million). The recoverable amount of Onshore US CGUs was determined to be US\$14,967 million (30 June 2015: US\$19,793 million).
How did the goodwill arise?	Goodwill arose on the Petrohawk acquisition in August 2011 and is attributable to synergies associated with the Group's US unconventional petroleum assets (Onshore US). This comprises the Permian, Haynesville, Fayetteville, Black Hawk and Hawkville group of CGUs, which includes the Group's natural gas and liquid reserves and resources, production wells and associated infrastructure, including gathering systems and processing facilities in Texas and Louisiana (US).
Segment	Onshore US is part of the Petroleum reportable segment.
How were the valuations calculated?	FVLCD methodology using discounted cash flow techniques has been applied in determining the recoverable value of the Onshore US business.
Level of fair value hierarchy	Calculations are based primarily on Level 3 inputs as defined in note 21 Financial risk management .
Significant assumptions and sensitivities	The calculation of FVLCD for Onshore US is most sensitive to changes in crude oil and natural gas prices, production volumes and discount rates. Key accounting judgements and estimates used in forming the valuations are disclosed below. The assumptions used are consistent with those underpinning the property, plant and equipment impairment calculations for Onshore US CGUs.

Reasonably possible changes in circumstances may affect significant assumptions and the estimated fair value. Isolated changes in these significant assumptions could result in the estimated recoverable amount being equal to the carrying amount of Onshore US, including goodwill. These reasonably possible changes include:

A production volume decrease of 13.3 per cent from estimates contained in management's long-term plans;

A decrease in crude oil prices of 19.2 per cent from prices assumed in the valuations;

A decrease in natural gas prices of 37.9 per cent from prices assumed in the valuations.

Crude oil and natural gas price assumptions used in FVLCD impairment testing are within or lower than the range of prices published by market commentators, as set out within the following key judgements and estimates section.

Typically changes in any one of the aforementioned assumptions (including operating performance) would be accompanied by a change in another assumption which may have an offsetting impact. Action is usually taken to respond to adverse changes in assumptions to mitigate the impact of any such change.

Other goodwill

Goodwill held by other CGUs is US\$247 million (2015: US\$248 million). This represents less than one per cent of net assets at 30 June 2016 (2015: less than one per cent). This goodwill has been allocated across a number of CGUs in different reportable segments. There was no significant impairment of other goodwill in the year to 30 June 2016 (2015: US\$ nil).

Key judgements and estimates

Recoverable amount testing

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date.

The most significant estimates impacting asset recoverable amount valuations for Onshore US assets, including goodwill are:

Crude oil and natural gas prices

Crude oil and natural gas prices used in valuations were either lower than or within the following range of prices published by market commentators:

	2016		2015	
West Texas Intermediate crude oil price (US\$/bbl)	49.00	81.00	57.00	86.00
Henry Hub natural gas price (US\$/MMBtu)	2.74	5.55	3.54	5.80

Oil and gas prices were derived from consensus and long-term views of global supply and demand, built upon past experience of the industry and consistent with external sources. Prices are adjusted based upon premiums or discounts applied to global price markers based on the nature and quality produced at a field, or to take into account contracted oil and gas prices.

Future production volumes

Estimated production volumes were based on detailed data for the fields and took into account development plans for the fields established by management as part of the long-term planning process. Production volumes are dependent on variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs and the contractual duration of the production leases. As each producing field has specific reservoir characteristics and economic circumstances, the cash flows of the fields were computed using appropriate individual economic models and key assumptions established by management. The production profiles used were consistent with management's long-term plans and the resource volumes approved as part of the Group's process for the estimation of proved reserves and total resources.

Impact of oil and gas Reserves and future anticipated production levels on testing for impairment

Production volumes and prices used in estimating FVLCD valuations may not be consistent with those disclosed as proved reserves under SEC regulations in section 6.3.1 Petroleum reserves. FVLCD requires the use of assumptions and estimates that a typical market participant would assume, which include having regard to future forecast oil and gas prices and anticipated field production estimates. This contrasts with SEC requirements to use unweighted 12-month average historical prices for reserve definitions.

Under SEC requirements, certain previously reported proved reserves may temporarily not meet the definition of proved reserves due to the decrease in price experienced in the last 12 months. This does not preclude these reserves

from being reinstated as proved reserves in future periods when prices recover.

Short-term changes in SEC reported oil and gas reserves do not affect the Group's perspective on underlying project valuations due to the long lives of the assets and future forecast prices.

F-44

Discount rates

A real post-tax discount rate of 6.5 per cent (2015: 5.5 per cent) was applied to post-tax cash flows. The discount rate is derived using the weighted average cost of capital methodology and has increased from the prior year due to volatility in oil and gas markets.

13. Deferred tax balances

The movement for the year in the Group's net deferred tax position is as follows:

	2016 US\$M	2015 US\$M	2014 US\$M
Net deferred tax asset/(liability)			
At the beginning of the financial year	(1,681)	(670)	(243)
Income tax credit/(charge) recorded in the income statement	3,508	(864)	(426)
Income tax (charge)/credit recorded directly in equity	(25)	9	(1)
Exchange variation and other movements ^(a)	21	(156)	
At the end of the financial year	1,823	(1,681)	(670)

^(a) Includes deferred tax assets divested as part of the demerger of South32 for the year ended 30 June 2015. For recognition and measurement refer to note 5 Income tax expense .

The composition of the Group's net deferred tax assets and liabilities recognised in the balance sheet and the deferred tax expense charged/(credited) to the income statement is as follows:

	Deferred tax assets		Deferred tax liabilities		(Credited)/charged to the income statement		
	2016 US\$M	2015 US\$M	2016 US\$M	2015 US\$M	2016 US\$M	2015 US\$M	2014 US\$M
Type of temporary difference							
Depreciation	(3,223)	(1,101)	1,259	5,689	(2,282)	204	495
Exploration expenditure	656	563		(91)	(3)	117	(4)
Employee benefits	342	279	(6)	(120)	56	58	(32)
Closure and rehabilitation	1,711	1,383	(177)	(584)	36	41	(353)
Resource rent tax	661	679	1,905	1,931	(8)	925	(506)
Other provisions	145	143	(1)	(12)	8	103	(411)
Deferred income		(51)	(11)	(13)	(49)	17	12
Deferred charges	(470)	(419)	372	362	62	66	226
Investments, including foreign tax credits	1,327	838	844	639	(284)	(58)	298
Foreign exchange gains and losses	(77)	(383)	156	160	(310)	210	(158)
Tax losses	5,006	1,069		(3,129)	(809)	(945)	605
Other	69	(139)	(17)	(290)	75	126	254

Total	6,147	2,861	4,324	4,542	(3,508)	864	426
--------------	--------------	-------	--------------	-------	----------------	-----	-----

The Group recognises the benefit of tax losses amounting to US\$5,006 million (2015: US\$4,198 million) only to the extent of anticipated future taxable income or gains in relevant jurisdictions. The amounts recognised in the Financial Statements in respect of each matter are derived from the Group's best judgements and estimates as described in note 5 Income tax expense .

F-45

The composition of the Group's unrecognised deferred tax assets and liabilities is as follows:

	2016 US\$M	2015 US\$M
Unrecognised deferred tax assets		
Tax losses and tax credits ^(a)	2,549	2,006
Investments in subsidiaries ^(b)	1,185	1,130
Deductible temporary differences relating to PRRT ^(c)	2,048	2,014
Mineral rights ^(d)	2,279	1,958
Other deductible temporary differences ^(e)	460	373
Total unrecognised deferred tax assets	8,521	7,481
Unrecognised deferred tax liabilities		
Investments in subsidiaries ^(b)	2,615	2,553
Taxable temporary differences relating to unrecognised deferred tax asset for PRRT ^(c)	614	604
Total unrecognised deferred tax liabilities	3,229	3,157

(a) Tax losses and tax credits

At 30 June 2016, the Group had income and capital tax losses with a tax benefit of US\$1,781 million (2015: US\$1,501 million) and tax credits of US\$768 million (2015: US\$505 million), which are not recognised as deferred tax assets.

The gross amount of tax losses carried forward that have not been tax effected expire as follows:

Year of expiry	Total US\$M
Income tax losses	
Not later than one year	223
Later than one year and not later than two years	1,117
Later than two years and not later than five years	1,708
Later than five years and not later than 10 years	820
Later than 10 years and not later than 20 years	2,043
Unlimited	528
	6,439
Capital tax losses	
Later than two years and not later than five years	238
Unlimited	3,488
Gross amount of tax losses not recognised	10,165

Tax effect of total losses not recognised

1,781

Of the US\$768 million of tax credits, US\$471 million expires later than five years and not later than 10 years, US\$202 million expires later than 10 years and not later than 20 years. The remainder of the tax credits do not have an expiration date.

F-46

(b) Temporary differences associated with investments in subsidiaries

The Group had deferred tax assets of US\$1,185 million at 30 June 2016 (2015: US\$1,130 million) and deferred tax liabilities of US\$2,615 million (2015: US\$2,553 million) associated with undistributed earnings of subsidiaries that have not been recognised because the Group is able to control the timing of the reversal of the temporary differences and it is not probable that these differences will reverse in the foreseeable future.

(c) Temporary differences relating to PRRT

The Group had US\$2,048 million of unrecognised deferred tax assets relating to Australian Petroleum Resource Rent Tax (PRRT) at 30 June 2016 (2015: US\$2,014 million relating to Australian PRRT), with a corresponding unrecognised deferred tax liability for income tax purposes of US\$614 million (2015: US\$604 million). Recognition of a deferred tax asset for PRRT depends on benefits expected to be obtained from the deduction against PRRT liabilities.

(d) Mineral rights

The Group had deductible temporary differences relating to mineral rights for which deferred tax assets of US\$2,279 million at 30 June 2016 (2015: US\$1,958 million) had not been recognised because it is not probable that future capital gains will be available, against which the Group can utilise the benefits. The deductible temporary differences do not expire under current tax legislation.

(e) Other deductible temporary differences

The Group had deductible temporary differences for which deferred tax assets of US\$460 million at 30 June 2016 (2015: US\$373 million) had not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The deductible temporary differences do not expire under current tax legislation.

14. Closure and rehabilitation provisions

	2016	2015
	US\$M	US\$M
At the beginning of the financial year	6,701	9,295
Capitalised amounts for operating sites:		
Change in estimate	(58)	276
Exchange translation	(112)	(1,009)
Adjustments to closed sites charged/(credited) to the income statement:		
Increases to existing and new provisions	18	74
Exchange translation	(8)	(104)
Released during the year	(81)	(93)
Other adjustments to the provision:		
Amortisation of discounting impacting net finance costs	305	442
Expenditure on closure and rehabilitation activities	(111)	(180)
Exchange variations impacting foreign currency translation reserve	(1)	(7)
Divestment and demerger of subsidiaries and operations	(138)	(1,993)
Transfers and other movements	(13)	
At the end of the financial year	6,502	6,701
Comprising:		
Current	171	193
Non-current	6,331	6,508
Operating sites	5,241	5,655
Closed sites	1,261	1,046

BHP Billiton is required to rehabilitate sites and associated facilities at the end of, or in some cases, during the course of production, to a condition acceptable to the relevant authorities, specified in license requirements and the Group's environmental performance requirements as set out within *Our BHP Billiton Charter*.

The key components of closure and rehabilitation activities are:

the removal of all unwanted infrastructure associated with an operation;

the return of disturbed areas to a safe, stable, productive and self-sustaining condition, consistent with the agreed end land use.

Recognition and measurement

Provisions for closure and rehabilitation are recognised by the Group when:

it has a present legal or constructive obligation as a result of past events;

it is more likely than not that an outflow of resources will be required to settle the obligation;

the amount can be reliably estimated.

F-48

Initial recognition

Closure and rehabilitation provisions are initially recognised when an environmental disturbance first occurs. The individual site provisions are an estimate of the expected value of future cash flows required to rehabilitate the relevant site using current restoration standards and techniques and taking into account risks and uncertainties. Individual site provisions are discounted to their present value using country specific discount rates aligned to the estimated timing of cash outflows.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation.

Subsequent remeasurement

The closure and rehabilitation asset, recognised within property, plant and equipment, is depreciated over the life of the operations. The value of the provision is progressively increased over time as the effect of discounting unwinds, resulting in an expense recognised in net finance costs.

The closure and rehabilitation liability is reviewed at each reporting date to assess if the estimate continues to reflect the best estimate of the obligation. If necessary the provision is remeasured to account for factors, including:

revisions to estimated reserves, resources and lives of operations;

developments in technology;

regulatory requirements and environmental management strategies;

changes in the estimated extent and costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates;

movements in interest rates affecting the discount rate applied.

Changes to the closure and rehabilitation estimate are added to, or deducted from, the related asset and amortised on a prospective basis accordingly over the remaining life of the operation, generally applying the units of production method.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation that is probable and capable of reliable estimation.

Closed sites

Where future economic benefits are no longer expected to be derived through operation, changes to the associated closure and remediation costs are charged to the income statement in the period identified. This amounted to US\$18 million in the year ended 30 June 2016 (2015: US\$74 million).

Key judgements and estimates

The recognition and measurement of closure and rehabilitation provisions requires the use of significant judgements and estimates, including, but not limited to:

the extent (due to legal or constructive obligations) of potential activities required for the removal of infrastructure and rehabilitation activities;

costs associated with future rehabilitation activities;

applicable inflation and discount rates;

the timing of cash flows and ultimate closure of operations.

Estimates can also be impacted by the emergence of new restoration techniques and experience at other operations. These uncertainties may result in future actual expenditure differing from the amounts currently provided for in the balance sheet.

Capital structure

15. Share capital

	BHP Billiton Limited			BHP Billiton Plc		
	2016 shares	2015 shares	2014 Shares	2016 shares	2015 shares	2014 shares
Share capital issued						
Opening number of shares	3,211,691,105	3,211,691,105	3,211,691,105	2,112,071,796	2,136,185,454	2,136,185,454
Purchase of shares by ESOP Trusts	(6,538,404)	(6,798,803)	(8,621,160)	(17,000)	(3,623,582)	(2,563,735)
Employee share awards exercised following vesting	6,846,091	7,443,935	7,379,051	966,473	2,945,980	2,431,251
Movement in treasury shares under	(307,687)	(645,132)	1,242,109	(949,473)	677,602	132,484

Employee Share Plans Treasury shares cancelled (a)					(24,113,658)	
Closing number of shares (b)	3,211,691,105	3,211,691,105	3,211,691,105	2,112,071,796	2,112,071,796	2,136,185,454
Comprising:						
Shares held by the public	3,211,159,695	3,210,852,008	3,210,206,876	2,111,283,256	2,110,333,783	2,110,945,784
Treasury shares	531,410	839,097	1,484,229	788,540	1,738,013	25,239,670
Other share classes						
Special Voting share of no par value	1	1	1			
Special Voting share of US\$0.50 par value				1	1	1
5.5% Preference shares of £1 each				50,000	50,000	50,000
DLC Dividend share	1					

(a) On 28 August 2014, BHP Billiton Plc cancelled 24,113,658 ordinary shares of US\$0.50 each held as treasury shares.

(b) During the period 1 July 2016 to 10 September 2016, no fully paid ordinary shares in BHP Billiton were issued on the exercise of Group Incentive Scheme awards.

Recognition and measurement

Share capital of BHP Billiton Limited and BHP Billiton Plc is composed of the following classes of shares:

Ordinary shares fully paid

BHP Billiton Limited and BHP Billiton Plc ordinary shares fully paid of US\$0.50 par value represent 99.99 per cent of the total number of shares. Any profit remaining after payment of preferred distributions is available for distribution to the holders of BHP Billiton Limited and BHP Billiton Plc ordinary shares in equal amounts per share.

Special Voting shares

Each of BHP Billiton Limited and BHP Billiton Plc issued one Special Voting share to facilitate joint voting by shareholders of BHP Billiton Limited and BHP Billiton Plc on Joint Electorate Actions. There has been no movement in these shares.

Preference shares

Preference shares have the right to repayment of the amount paid up on the nominal value and any unpaid dividends in priority to the holders of any other class of shares in BHP Billiton Plc on a return of capital or winding up. The holders of preference shares have limited voting rights if payment of the preference dividends are six months or more in arrears or a resolution is passed changing the rights of the preference shareholders. There has been no movement in these shares, all of which are held by JP Morgan Limited.

Equalisation share

An Equalisation share (US\$0.50 par value) has been authorised to be issued to enable a distribution to be made by BHP Billiton Plc Group to the BHP Billiton Limited Group should this be required under the terms of the DLC merger. The Directors have the ability to issue the Equalisation share if required under those terms. The Constitution of BHP Billiton Limited allows the Directors of that company to issue a similar Equalisation share. No shares have been issued.

DLC Dividend share

The DLC Dividend share supports the BHP Billiton Dual Listed Company (DLC) equalisation principles in place since the merger in 2001, including the requirement that ordinary shareholders of BHP Billiton Plc and BHP Billiton Limited are paid equal cash dividends per share. This share enables efficient and flexible capital management across the DLC and was issued on 23 February 2016 at par value of US\$10. On 24 March 2016, BHP Billiton Limited paid a dividend of US\$1,990 million under the DLC dividend share arrangements. This dividend is eliminated on consolidation.

Treasury shares

Treasury shares are shares of parent entities and are held by the ESOP Trusts for the purpose of issuing shares to employees under the Group's Employee Share Plans. Treasury shares are recognised at cost and deducted from equity, net of any income tax effects. When the treasury shares are subsequently sold or reissued any consideration received, net of any directly attributable costs and income tax effects, is recognised as an increase in equity. Any difference between the carrying amount and the consideration, if reissued, is recognised in retained earnings.

16. Other equity

	2016	2015	2014	Recognition and measurement
	US\$M	US\$M	US\$M	
Share premium account	518	518	518	The share premium account represents the premium paid on the issue of BHP Billiton Plc shares recognised in accordance with the UK Companies Act 2006.
Foreign currency translation reserve	41	52	54	The foreign currency translation reserve represents exchange differences arising from the translation of non-US dollar functional currency operations within the Group into US dollars.
Employee share awards reserve	293	372	599	The employee share awards reserve represents the accrued employee entitlements to share awards that have been charged to the income statement and have not yet been exercised. Once exercised, the difference between the accumulated fair value of the awards and their historical on-market purchase price is recognised in retained earnings.
Hedging reserve	210	141	129	The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts the income statement, or is recognised as an adjustment to the cost of non-financial hedged items. The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.
Financial assets reserve	11	9	115	The financial assets reserve represents the revaluation of available for sale financial assets. Where a revalued financial asset is sold or impaired, the relevant portion of the reserve is transferred to the income statement.
Share buy-back reserve	177	177	165	The share buy-back reserve represents the par value of BHP Billiton Plc shares that were purchased and subsequently cancelled. The cancellation of the shares creates a non-distributable reserve.
Non-controlling interest contribution reserve	1,288	1,288	1,347	The non-controlling interest contribution reserve represents the excess of consideration received over the book value of net assets attributable to the equity instruments when acquired by non-controlling interests.
Total reserves	2,538	2,557	2,927	

Summarised financial information relating to each of the Group's subsidiaries with non-controlling interests (NCI) that are material to the Group before any intra-group eliminations is shown below:

US\$M	2016			2015		
	Minera Escondida Limitada	Other individually immaterial subsidiaries (incl intra-group eliminations)	Total	Minera Escondida Limitada	Other individually immaterial subsidiaries (incl intra-group eliminations)	Total
BHP Billiton share (per cent)	57.5			57.5		
Current assets	2,033			2,542		
Non-current assets	14,241			13,060		
Current liabilities	(2,240)			(1,973)		
Non-current liabilities	(2,316)			(2,209)		
Net assets	11,718			11,420		
Net assets attributable to NCI	4,980	801	5,781	4,854	923	5,777
Revenue	5,071			8,092		
Profit after taxation	505			2,194		
Other comprehensive income	(5)					
Total comprehensive income	500			2,194		
Profit after taxation attributable to NCI	214	(36)	178	932	36	968
Other comprehensive income attributable to NCI	(2)		(2)		5	5
Net operating cash flow	1,868			3,387		
Net investing cash flow	(2,268)			(3,273)		
Net financing cash flow	507			(596)		
Dividends paid to NCI ^(a)		87	87	536	103	639

(a) Includes US\$85 million dividends paid to NCI related to Discontinued operations for the year ended 30 June 2015.

While the Group controls these subsidiaries, the non-controlling interests hold certain protective rights that restrict the Group's ability to sell assets held by these subsidiaries, or use the assets in other subsidiaries and operations owned by the Group. These subsidiaries are also restricted from paying dividends without the approval of the non-controlling interests.

17. Dividends

	Year ended 30 June 2016		Year ended 30 June 2015		Year ended 30 June 2014	
	Per share US cents	Total US\$M	Per share US cents	Total US\$M	Per share US cents	Total US\$M
Dividends paid during the period ^(a)						
Prior year final dividend	62.0	3,299	62.0	3,292	59.0	3,135
Interim dividend	16.0	855	62.0	3,304	59.0	3,141
	78.0	4,154	124.0	6,596	118.0	6,276

(a) 5.5 per cent dividend on 50,000 preference shares of £1 each determined and paid annually (30 June 2015: 5.5 per cent; 30 June 2014: 5.5 per cent).

The Dual Listed Company merger terms require that ordinary shareholders of BHP Billiton Limited and BHP Billiton Plc are paid equal cash dividends on a per share basis. Each American Depositary Share (ADS) represents two ordinary shares of BHP Billiton Limited or BHP Billiton Plc. Dividends determined on each ADS represent twice the dividend determined on BHP Billiton ordinary shares.

Dividends are determined after period-end and announced with the results for the period. Interim dividends are determined in February and paid in March. Final dividends are determined in August and paid in September. Dividends determined are not recorded as a liability at the end of the period to which they relate. Subsequent to year-end, on 16 August 2016, BHP Billiton determined a final dividend of 14.0 US cents per share (US\$746 million), which will be paid on 20 September 2016 (30 June 2015: final dividend of 62.0 US cents per share US\$3,301 million; 30 June 2014: final dividend of 62.0 US cents per share US\$3,301 million).

BHP Billiton Limited dividends for all periods presented are, or will be, fully franked based on a tax rate of 30 per cent.

	2016 US\$M	2015 US\$M	2014 US\$M
Franking credits as at 30 June	9,640	11,295	13,419
Franking credits/(debits) arising from the payment /(refund) of current tax	81	(428)	(29)
Total franking credits available ^(a)	9,721	10,867	13,390

(a) The payment of the final 2016 dividend determined after 30 June 2016 will reduce the franking account balance by US\$193 million.

18. Provisions for dividends and other liabilities

The disclosure below excludes closure and rehabilitation provisions (refer to note 14 Closure and rehabilitation provisions), employee benefits, restructuring and post-retirement employee benefits provisions (refer to note 24 Employee benefits, restructuring and post-retirement employee benefits provisions) and the Samarco dam failure provision (refer to note 3 Significant events Samarco dam failure).

	2016 US\$M	2015 US\$M
Movement in provision for dividends and other liabilities		
At the beginning of the financial year	364	558
Dividends determined	4,154	6,596
Charge/(credit) for the year:		
Underlying	709	400
Discounting		1
Exchange variations	(28)	(131)
Released during the year	(82)	(138)
Utilisation	(141)	(359)
Divestments of subsidiaries and operations		(65)
Dividends paid	(4,130)	(6,498)
Transfers and other movements ^(a)	84	
At the end of the financial year	930	364
Comprising:		
Current	306	159
Non-current	624	205

(a) Includes unpaid dividend determined to non-controlling interest of US\$85 million.

Financial management

19. Net debt

The Group's corporate purpose is to own and operate large, long-life, low-cost, expandable, upstream assets diversified by commodity, geography and market. The Group will invest capital in assets where they fit its strategy.

The Group monitors capital using a gearing ratio, being the ratio of net debt to net debt plus net assets.

US\$M	2016		2015	
	Current	Non-current	Current	Non-current
Interest bearing liabilities				
Bank loans	1,240	796	664	931
Notes and debentures	3,280	30,515	2,205	26,520
Finance leases	40	306	94	344
Bank overdraft and short-term borrowings	43		140	
Other	50	151	98	174
Total interest bearing liabilities	4,653	31,768	3,201	27,969
Less cash and cash equivalents				
Cash	491		931	
Short-term deposits	9,828		5,822	
Total cash and cash equivalents	10,319		6,753	
Net debt		26,102		24,417
Net assets		60,071		70,545
Gearing		30.3%		25.7%

Cash and short-term deposits are disclosed in the cash flow statement net of bank overdrafts and interest bearing liabilities at call.

	2016 US\$M	2015 US\$M	2014 US\$M
Total cash and cash equivalents	10,319	6,753	8,803
Bank overdrafts and short-term borrowing	(43)	(140)	(51)
Total cash and cash equivalents, net of overdrafts	10,276	6,613	8,752

Recognition and measurement

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and highly liquid cash deposits with short-term maturities and are readily convertible to known amounts of cash with insignificant risk of change in

value. The Group considers that the carrying value of cash and cash equivalents approximate fair value due to their short term to maturity.

Cash and cash equivalents includes US\$248 million (2015: US\$493 million) restricted by legal or contractual arrangements.

F-56

Interest bearing liabilities and cash and cash equivalents include balances denominated in the following currencies:

	Interest bearing liabilities		Cash and cash equivalents	
	2016 US\$M	2015 US\$M	2016 US\$M	2015 US\$M
USD	19,600	16,563	10,083	6,553
EUR	10,419	8,926		
GBP	3,886	3,023	37	33
AUD	1,870	2,011	38	17
CAD	646	647	89	58
Other			72	92
Total	36,421	31,170	10,319	6,753

Liquidity risk

The Group's liquidity risk arises from the possibility that it may not be able to settle or meet its obligations as they fall due and is managed as part of the portfolio risk management strategy. Operational, capital and regulatory requirements are considered in the management of liquidity risk, in conjunction with short-term and long-term forecast information.

Recognising the cyclical volatility of operating cash flows, the Group has defined minimum target cash and liquidity buffers to be maintained to mitigate liquidity risk and support operations through the cycle.

Additional liquidity risk arises on debt-related derivatives due to the possibility that a market for derivatives might not exist in some circumstances. To counter this risk the Group only uses derivatives in highly liquid markets.

The Group's strong credit profile, diversified funding sources, its minimum cash buffer and its committed credit facilities ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Group's policy on counterparty credit exposure ensures that only counterparties of an investment grade standing are used for the investment of any excess cash.

Moody's Investors Service lowered the Group's long-term credit rating to A3 during the year ended 30 June 2016 (the short-term credit rating is P-2). Standard & Poor's lowered the Group's long-term credit rating to A (the short-term credit rating is A-1) with a negative outlook.

There were no defaults on loans payable during the period.

Standby arrangements and unused credit facilities

The Group's committed revolving credit facility operates as a back-stop to the Group's uncommitted commercial paper program. The combined amount drawn under the facility or as commercial paper will not exceed US\$6.0 billion. As at 30 June 2016, US\$ nil commercial paper was drawn (2015: US\$ nil). The revolving credit facility has a five-year maturity ending 7 May 2021. A commitment fee is payable on the undrawn balance and an interest rate comprising an interbank rate plus a margin applies to any drawn balance. The agreed margins are typical for a credit facility extended to a company with the Group's credit rating.

Maturity profile of financial liabilities

The maturity profile of the Group's financial liabilities based on the contractual amounts, taking into account the derivatives related to debt, is as follows:

2016 US\$M	Bank loans, debentures and other loans	Expected future interest payments	Derivatives related to net debt	Other derivatives	Obligations under finance leases	Trade and other payables	Total
Due for payment:							
In one year or less or on demand	4,568	826	118	5	49	5,125	10,691
In more than one year but not more than two years	938	1,151	409	3	66	1	2,568
In more than two years but not more than five years	9,447	3,014	837	7	155	5	13,465
In more than five years	18,847	7,250	1,997		115	7	28,216
Total	33,800	12,241	3,361	15	385	5,138	54,940
Carrying amount	36,075		1,768	15	346	5,138	43,342

2015 US\$M	Bank loans, debentures and other loans	Expected future interest payments	Derivatives related to net debt	Other derivatives	Obligations under finance leases	Trade and other payables	Total
Due for payment:							
In one year or less or on demand	3,070	664	214	8	105	6,807	10,868
In more than one year but not more than two years	3,385	865	44	3	61	20	4,378
In more than two years but not more than five years	6,485	2,149	850	3	157	7	9,651
In more than five years	16,952	7,092	1,495	1	165	2	25,707
Total	29,892	10,770	2,603	15	488	6,836	50,604
Carrying amount	30,732		1,267	15	438	6,836	39,288

20. Net finance costs

	2016 US\$M	2015 US\$M	2014 US\$M
Financial expenses			
Interest on bank loans, overdrafts and all other borrowings	971	526	668
Interest capitalised at 2.61% (2015: 1.94%; 2014: 1.82%) ^(a)	(123)	(148)	(182)
Discounting on provisions and other liabilities	313	333	338
Fair value change on hedged loans	1,444	372	328
Fair value change on hedging derivatives	(1,448)	(358)	(292)
Fair value change on non-hedging derivatives			101
Exchange variations on net debt	(24)	(63)	4
Other financial expenses	28	40	30
	1,161	702	995
Financial income			
Interest income	(137)	(88)	(81)
Net finance costs	1,024	614	914

^(a) Interest has been capitalised at the rate of interest applicable to the specific borrowings financing the assets under construction or, where financed through general borrowings, at a capitalisation rate representing the average interest rate on such borrowings. Tax relief for capitalised interest is approximately US\$37 million (2015: US\$42 million; 2014: US\$53 million).

Recognition and measurement

Interest income is accrued using the effective interest rate method. Finance costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets.

21. Financial risk management**Financial and capital risk management strategy**

The financial risks arising from the Group's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business and the Group manages its exposure to them in accordance with the Group's portfolio risk management strategy. The objective of the strategy is to support the delivery of the Group's financial targets, while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

A Cash Flow at Risk (CFaR) framework is used to measure the aggregate and diversified impact of financial risks upon the Group's financial targets. The principal measurement of risk is CFaR measured on a portfolio basis, which is defined as the worst expected loss relative to projected business plan cash flows over a one-year horizon under normal market conditions at a confidence level of 90 per cent.

Market risk

The Group's activities expose it to market risks associated with movements in interest rates, foreign currencies and commodity prices. Under the strategy outlined above, the Group seeks to achieve financing costs, currency impacts, input costs and commodity prices on a floating or index basis. This strategy gives rise to a risk of variability in earnings, which is measured under the CFaR framework.

In executing the strategy, financial instruments are potentially employed in three distinct but related activities. The following table summarises these activities and the key risk management processes:

Activity	Key risk management processes
<p>1 Risk mitigation</p> <p>On an exception basis, hedging for the purposes of mitigating risk related to specific and significant expenditure on investments or capital projects will be executed if necessary to support the Group's strategic objectives.</p>	<p>Execution of transactions within approved mandates.</p>
<p>2 Economic hedging of commodity sales, operating costs and debt instruments</p> <p>Where Group commodity production is sold to customers on pricing terms that deviate from the relevant index target and where a relevant derivatives market exists, financial instruments may be executed as an economic hedge to align the revenue price exposure with the index target.</p> <p>Where debt is issued in a currency other than the US dollar and/or at a fixed interest rate, fair value and cash flow hedges may be executed to align the debt exposure with the Group's functional currency of US dollars and/or to swap to a floating interest rate.</p>	<p>Measuring and reporting the exposure in customer commodity contracts and issued debt instruments.</p> <p>Executing hedging derivatives to align the total group exposure to the index target.</p>
<p>3 Strategic financial transactions</p> <p>Opportunistic transactions may be executed with financial instruments to capture value from perceived market over/under valuations.</p> <p>Primary responsibility for identification and control of financial risks, including authorising and monitoring the use of financial instruments for the above activities and stipulating policy thereon, rests with the Financial Risk Management Committee under authority delegated by the Chief Executive Officer.</p>	<p>Execution of transactions within approved mandates.</p>

Interest rate risk

The Group is exposed to interest rate risk on its outstanding borrowings and investments from the possibility that changes in interest rates will affect future cash flows or the fair value of fixed interest rate financial instruments. Interest rate risk is managed as part of the portfolio risk management strategy.

The majority of the Group's debt is issued at fixed interest rates. The Group has entered into interest rate swaps and cross currency interest rate swaps to convert most of its fixed interest rate exposure to floating US dollar interest rate exposure. As at 30 June 2016, 91 per cent of the Group's borrowings were exposed to floating interest rates inclusive of the effect of swaps (2015: 89 per cent).

The fair value of interest rate swaps and cross currency interest rate swaps in hedge relationships used to hedge both interest rate and foreign currency risks are shown in the fair values section of this note.

Based on the net debt position as at 30 June 2016, taking into account interest rate swaps and cross currency interest rate swaps, it is estimated that a one percentage point increase in the US LIBOR interest rate will decrease the Group's equity and profit after taxation by US\$156 million (2015: decrease of US\$149 million).

This assumes that the change in interest rates is effective from the beginning of the financial year and the fixed/floating mix and balances are constant over the year. However, interest rates and the net debt profile of the Group may not remain constant over the coming financial year and therefore such sensitivity analysis should be used with care.

Currency risk

The US dollar is the predominant functional currency within the Group and as a result currency exposures arise from transactions and balances in currencies other than the US dollar. The Group's potential currency exposures comprise:

translational exposure in respect of non-functional currency monetary items;

transactional exposure in respect of non-functional currency expenditure and revenues.

The Group's foreign currency risk is managed as part of the portfolio risk management strategy.

Translational exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation are periodically restated to US dollar equivalents and the associated gain or loss is taken to the income statement. The exception is foreign exchange gains or losses on foreign currency denominated provisions for closure and rehabilitation at operating sites, which are capitalised in property, plant and equipment.

The principal non-functional currencies to which the Group is exposed are the Australian dollar and the Chilean peso; however 91 per cent (2015: 89 per cent) of the Group's net financial assets are denominated in US dollars. Based on the Group's net financial assets and liabilities as at 30 June 2016, a weakening of the US dollar against these currencies (1 cent strengthening in Australian dollar and 10 pesos strengthening in Chilean peso), with all other variables held constant, would decrease the Group's equity and profit after taxation by US\$15 million (2015: decrease of US\$19 million).

Transactional exposure in respect of non-functional currency expenditure and revenues

Certain operating and capital expenditure is incurred in currencies other than their functional currency. To a lesser extent, certain sales revenue is earned in currencies other than the functional currency of operations and certain exchange control restrictions may require that funds be maintained in currencies other than the functional currency of the operation. These currency risks are managed as part of the portfolio risk management strategy. The Group enters into forward exchange contracts when required under this strategy.

Commodity price risk

Contracts for the sale and physical delivery of commodities are executed whenever possible on a pricing basis intended to achieve a relevant index target. While the Group has succeeded in transitioning the majority of Group commodity production sales to market-based index pricing terms, derivative commodity contracts may from time to time be used to align realised prices with the relevant index. Due to the nature of the economic returns from our shale assets, from time to time the Group enters into natural gas futures contracts to manage price risk on gas production. Contracts for the physical delivery of commodities are not typically financial instruments and are carried in the balance sheet at cost (typically at US\$ nil); they are therefore excluded from the fair value and sensitivity analysis. Accordingly, the financial instrument exposures set out below do not represent all of the commodity price risks

managed according to the Group's objectives. Movements in the fair value of contracts included are offset by movements in the fair value of the physical contracts; however, only the former movement is recognised in the Group's income statement prior to settlement. The risk associated with commodity prices is managed as part of the portfolio risk management strategy.

F-61

Financial instruments with commodity price risk are forward commodity and other derivative contracts with a net assets fair value of US\$229 million (2015: US\$212 million). Significant items are primarily derivatives embedded in physical commodity purchase and sales contracts of gas in Trinidad and Tobago with a net assets fair value of US\$220 million (2015:US\$206 million).

The potential effect of using reasonably possible alternative assumptions in these models, based on a change in the most significant input, such as commodity prices, by an increase (decrease) of 10 per cent while holding all other variables constant will increase (decrease) profit after taxation by US\$34 million (2015: US\$45 million).

Provisionally priced commodity sales and purchases contracts

Provisionally priced sales or purchases volumes are those for which price finalisation, referenced to the relevant index, is outstanding at the reporting date. Provisional pricing mechanisms embedded within these sales and purchases arrangements have the character of a commodity derivative and are carried at fair value through profit and loss as part of trade receivables or trade payables. The Group's exposure at 30 June 2016 to the impact of movements in commodity prices upon provisionally invoiced sales and purchases volumes was predominately around copper.

The Group had 277 thousand tonnes of copper exposure at 30 June 2016 (2015: 331 thousand tonnes) that was provisionally priced. The final price of these sales or purchases will be determined during the first half of FY2017. A 10 per cent change in the price of copper realised on the provisionally priced sales, with all other factors held constant, would increase or decrease profit after taxation by US\$98 million (2015: US\$155 million). The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange rates can impact commodity prices. The sensitivities should therefore be used with care.

Liquidity risk

Refer to note 19 Net debt for details on the Group liquidity risk.

Credit risk

Refer to note 7 Trade and other receivables for details on the Group credit risk.

Financial assets and liabilities

The financial assets and liabilities are presented by class in the tables page F-66 at their carrying amounts, which generally approximate to fair value.

Recognition and measurement

All financial assets and liabilities, other than derivatives, are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value.

The Group classifies its financial assets and liabilities into:

loans and receivables;

available for sale securities;

held at fair value through profit or loss;

cash flow hedges;

financial assets and liabilities at amortised cost.

F-62

The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include cash and cash equivalents and trade receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are initially measured at fair value of consideration paid and subsequently carried at either fair value or amortised cost less impairment. At the end of each reporting period, loans and receivables are assessed for objective evidence that they are impaired. The amount of loss is measured as the difference between its carrying amount and the present value of its estimated future cash flows. The loss is recognised in the income statement.

Other financial liabilities at amortised cost

Trade and other payables represents amounts that are non-interest bearing. The carrying value approximates their fair value, which represents liabilities for goods and services provided to the Group prior to the end of the reporting period and that are unpaid.

Interest bearing liabilities are initially recognised at fair value of the consideration received, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other income or finance costs.

The Group has finance lease liabilities in relation to certain items of property, plant and equipment. Finance lease liabilities are initially recognised at the fair value of the underlying assets or, if lower, the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance cost, and the finance cost is charged to the income statement over the lease period to reflect a constant periodic rate of interest on the remaining balance of the liability for each period.

Derivatives and hedging

Derivatives, including embedded derivatives separated from the host contracts, are included within financial assets or liabilities at fair value through profit or loss unless they are designated as effective hedging instruments. Financial instruments in this category are classified as current if they are expected to be settled within 12 months; otherwise they are classified as non-current.

The Group uses financial instruments to hedge its exposure to certain market risks arising from operational, financing and investing activities. At the start of the transaction, the Group documents:

the type of hedge;

the relationship between the hedging instrument and hedged items;

its risk management objective and strategy for undertaking various hedge transactions.

F-63

The documentation also demonstrates, both at hedge inception and on an ongoing basis, that the hedge is expected to continue to be highly effective.

The Group has two types of hedges:

	Fair value hedges	Cash flow hedges
Exposure	As the majority of the Group's debt is issued at fixed interest rates, the Group has entered into interest rate swaps and cross currency interest rate swaps to mitigate its exposure to changes in the fair value of borrowings.	As a portion of the Group's debt is denominated in currencies other than US dollars, the Group has entered into cross currency interest rate swaps to mitigate currency exposures.
Recognition date	At the date the instrument is entered into.	
Measurement	Measured at fair value.	
Fair value approach	Based on internal valuations using standard valuation techniques with current market inputs, including interest and forward commodity; and exchange rates. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.	
How are changes in fair value accounted for?	<p>The following changes in the fair value are recognised immediately in the income statement:</p> <p style="padding-left: 40px;">the gains or losses on both the derivative or financial instrument and hedged asset or liability attributable to the hedged risk;</p> <p style="padding-left: 40px;">the gain or loss relating to the effective portion of interest rate swaps, hedging fixed rate borrowings, together with the gain or loss in the fair value of the hedged fixed rate borrowings attributable to interest rate risk;</p> <p style="padding-left: 40px;">the gain or loss relating to the ineffective portion of the hedge.</p> <p>If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity using a recalculated effective interest rate.</p>	<p>Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective.</p> <p>To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement.</p> <p>Amounts accumulated in equity are transferred to the income statement or the balance sheet for a non-financial asset at the same time as the hedged item is recognised.</p> <p>When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is</p>

recognised when the underlying forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

F-64

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Valuation hierarchy

The carrying amount of financial assets and liabilities measured at fair value is principally calculated based on inputs other than quoted prices that are observable for these financial assets or liabilities, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices). Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Group's views on relevant future prices, net of valuation allowances to accommodate liquidity, modelling and other risks implicit in such estimates.

The inputs used in fair value calculations are determined by the relevant segment or function. The functions support the assets and operate under a defined set of accountabilities authorised by the Executive Leadership Team. Movements in the fair value of financial assets and liabilities may be recognised through the income statement or in other comprehensive income.

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

Fair value hierarchy
Valuation method

Level 1

Based on quoted prices (unadjusted) in active markets for identical financial assets and liabilities.

Level 2

Based on inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices).

Level 3

Based on inputs not observable in the market using appropriate valuation models, including discounted cash flow modelling.

The financial assets and liabilities are presented by class in the tables below at their carrying amounts, which generally approximate to fair value. In the case of US\$3,020 million (2015: US\$3,321 million) of fixed rate debt not swapped to floating rate, the fair value at 30 June 2016 was US\$3,539 million (2015: US\$3,538 million).

2016	Loans and receivables	Available for sale securities <i>Level 3</i>	Held at fair value through profit or loss <i>Levels 1,2 & 3</i>	Cash flow hedges <i>Level 2</i>	Other financial assets and liabilities at amortised cost	Total
US\$M						
<i>Fair value hierarchy (a)</i>						
Current cross currency and interest rate swaps			43			43
Current other derivative contracts (b)			42			42
Current available for sale shares and other investments			36			36
Non-current cross currency and interest rate swaps			2,147	90		2,237
Non-current other derivative contracts (b)			202			202
Non-current available for sale shares and other investments (c) (d)		25	216			241
Total other financial assets		25	2,686	90		2,801
Cash and cash equivalents	10,319					10,319
Trade and other receivables (e)	1,978		835			2,813
Loans to equity accounted investments	897					897
Total financial assets	13,194	25	3,521	90		16,830
Non-financial assets						102,123
Total assets						118,953
Current cross currency and interest rate swaps						
Current other derivative contracts (b)			5			5
Non-current cross currency and interest rate swaps			179	1,589		1,768
Non-current other derivative contracts (b)			10			10
Total other financial liabilities			194	1,589		1,783
Trade and other payables (f)			256		4,882	5,138
Bank overdrafts and short-term borrowings (g)					43	43
Bank loans (g)					2,036	2,036
Notes and debentures (g)					33,795	33,795

Finance leases ^(g)				346	346
Other ^(g)				201	201
Total financial liabilities	450	1,589	41,303		43,342
Non-financial liabilities					15,540
Total liabilities					58,882

F-66

2015	Loans and receivables	Available for sale securities	Held at fair value through profit or loss	Cash flow hedges	Other financial assets and liabilities at amortised cost	Total
US\$M		Level 3	Levels 1, 2 & 3	Level 2		
<i>Fair value hierarchy (a)</i>						
Current cross currency and interest rate swaps			53			53
Current other derivative contracts (b)			30			30
Non-current cross currency and interest rate swaps			805	134		939
Non-current other derivative contracts (b)			198			198
Non-current available for sale shares and other investments (c) (d)		22				22
Total other financial assets		22	1,086	134		1,242
Cash and cash equivalents	6,753					6,753
Trade and other receivables (e)	3,534		952			4,486
Loans to equity accounted investments	995					995
Total financial assets	11,282	22	2,038	134		13,476
Non-financial assets						111,104
Total assets						124,580
Current cross currency and interest rate swaps				243		243
Current other derivative contracts (b)			8			8
Non-current cross currency and interest rate swaps			(62)	1,086		1,024
Non-current other derivative contracts (b)			7			7
Total other financial liabilities			(47)	1,329		1,282
Trade and other payables (f)			176		6,660	6,836
Bank overdrafts and short-term borrowings (g)					140	140
Bank loans (g)					1,595	1,595
Notes and debentures (g)					28,725	28,725
Finance leases (g)					438	438
Other (g)					272	272
Total financial liabilities			129	1,329	37,830	39,288
Non-financial liabilities						14,747
Total liabilities						54,035

Edgar Filing: BHP BILLITON LTD - Form 20-F/A

- (a) All of the Group's financial assets and financial liabilities recognised at fair value were valued using market observable inputs categorised as Level 2 with the exception of the specified items in the following footnotes.
- (b) Includes other derivative contracts of US\$236 million (2015: US\$219 million) categorised as Level 3.
- (c) Includes non-current other investments held at fair value through profit or loss (US Treasury Notes) of US\$54 million categorised as Level 1 (2015: US\$ nil).

F-67

- (d) Includes shares and other investments available for sale of US\$25 million (2015: US\$22 million) categorised as Level 3.
- (e) Excludes input taxes of US\$312 million (2015: US\$339 million) included in other receivables. Refer to note 7 Trade and other receivables .
- (f) Excludes input taxes of US\$264 million (2015: US\$582 million) included in other payables. Refer to note 8 Trade and other payables .
- (g) All interest bearing liabilities, excluding finance leases, are unsecured. For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between categories during the period.

For financial instruments not valued at fair value on a recurring basis, the Group uses a method that can be categorised as Level 2.

Offsetting financial assets and liabilities

The Group enters into money market deposits and derivative transactions under International Swaps and Derivatives Association master netting agreements that do not meet the criteria for offsetting, but allow for the related amounts to be set-off in certain circumstances. The amounts set out as cross currency and interest rate swaps in the table above represent the derivative financial assets and liabilities of the Group that may be subject to the above arrangements and are presented on a gross basis.

Recognition and measurement

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Employee matters

22. Key management personnel

Key management personnel compensation comprises:

	2016 US\$	2015 US\$	2014 US\$
Short-term employee benefits	14,979,983	26,663,069	29,302,029
Post-employment benefits	2,356,594	2,920,007	3,176,079
Share-based payments	16,837,179	20,783,959	21,300,632
Total	34,173,756	50,367,035	53,778,740

Transactions and outstanding loans/amounts with key management personnel

There were no purchases by key management personnel from the Group during the financial year (2015: US\$ nil; 2014: US\$ nil).

There were no amounts payable by key management personnel at 30 June 2016 (2015: US\$ nil; 2014: US\$ nil).

There were no loans receivable from or payable to key management personnel at 30 June 2016 (2015: US\$ nil; 2014: US\$ nil).

Transactions with personally related entities

A number of Directors of the Group hold or have held positions in other companies (personally related entities) where it is considered they control or significantly influence the financial or operating policies of those entities. There were no transactions with those entities and no amounts were owed by the Group to personally related entities at 30 June 2016 (2015: US\$ nil; 2014: US\$ nil).

For more information on remuneration and transactions with key management personnel, refer to the Remuneration Report in section 3.

23. Employee share ownership plans

Awards, in the form of the right to receive ordinary shares in either BHP Billiton Limited or BHP Billiton Plc, were provided under the following employee share ownership plans for the year ended 30 June 2016: Long-Term Incentive Plan (LTIP), Short-Term Incentive Plan (STIP) (which replaced the Group Incentive Scheme (GIS)), Management Award Plan (MAP), Group Short-Term Incentive Plan (GSTIP), Transitional Operations Management Committee (OMC) awards and the all-employee share plan, Shareplus.

Some awards are eligible to receive a payment equal to the dividend amount that would have been earned on the underlying shares awarded to those participants (the Dividend Equivalent Payment, or DEP). The DEP is provided to the participants once the underlying shares are allocated or transferred to them. Awards under the plans do not confer any rights to participate in a share issue; however, there is discretion under each of the plans to adjust the awards in response to a variation of BHP Billiton's share capital.

A description of these plans is as follows:

Plan Type	STIP, GIS and GSTIP Short-term incentive.	LTIP and MAP Long-term incentive.	Transitional awards Long-term incentive.	Shareplus All-employee share purchase plan.
Overview	The STIP (which replaced GIS in FY2014) is a plan for the members of the OMC and the GSTIP is a plan for senior management employees other than the OMC. Half of a participant's short-term incentive	The LTIP is a plan for the OMC and awards are granted annually. The MAP is a plan for management employees other than the OMC. The number of rights is determined by role, performance and organisational level.	Awards are provided to new OMC members as a transitional measure to bridge the time-based gap between the vesting of MAP awards (granted in their non-OMC position and the LTIP awards provided to OMC members).	Employees may contribute up to US\$5,000 to acquire shares in any Plan year. On the third anniversary of the start of a Plan year, the Group will match the number of acquired shares.

amount is provided
as a grant of rights
to receive BHP
Billiton shares.

F-69

Plan Vesting conditions	STIP, GIS and GSTIP Service conditions only.	LTIP and MAP LTIP: Service conditions and performance conditions.	Transitional awards Service conditions and performance conditions.	Shareplus Service conditions only.
		<p>For awards granted from December 2010 onwards, performance relative to the Peer Group Total Shareholder Return (TSR) over a five-year performance period determines the vesting of 67 per cent of the awards, while performance relative to the Index TSR (being the index value where the comparator group is a market index such as the MSCI World) determines the vesting of 33 per cent of the awards. For the awards to vest in full, the Group's TSR must exceed the Peer Group TSR and Index TSR (if applicable) by a specified percentage per year, determined for each grant by the Remuneration Committee. Since the establishment of the LTIP in 2004, this percentage has been set at 5.5 per cent per year.</p>	<p>The Remuneration Committee has absolute discretion to determine if the performance condition has been met and whether any, all or part of the award will vest (or otherwise lapse), having regard to (but not limited to) BHP Billiton's TSR over the three- or four-year performance period (respectively), the participant's contribution to Group outcomes and the participant's personal performance (with guidance on this assessment from the CEO).</p>	
		MAP: Service conditions only.		
Vesting period	2 years	LTIP 5 years	3 years or 4 years	3 years
		MAP 3 years or 4 years or 5 years		
Dividend Equivalent Payment	Yes, except GSTIP awards granted after 1 July 2011	Yes, except MAP granted after 1 July 2011.	No	No
	None		None	None

**Exercise
period**

LTIP granted prior to 1 July
2013 5 years.

MAP granted prior to 1 July
2011 3 years.

F-70

Employee share awards

	Number of awards at the beginning of the financial year	Number of awards issued during the year	Number of awards vested and exercised	Number of awards lapsed	Number of awards at the end of the financial year	Number of awards vested and exercisable at the end of the financial year	Weighted average remaining contractual life (years)
2016							
BHP Billiton Limited							
STIP awards	412,994	436,096			849,090		0.7
GIS awards deferred shares	68,143		68,143				n/a
GSTIP awards deferred shares	2,624,153	1,828,178	1,601,516	63,395	2,787,420	90,116	0.7
GSTIP awards options	87,254			87,254			n/a
weighted average exercise price A\$	41.78			41.78			n/a
LTIP awards	3,766,431	1,806,187	332,055	359,505	4,881,058	373,211	3.1
Transitional OMC awards	219,980	46,840			266,820		1.0
MAP awards	7,726,639	2,648,686	2,970,971	637,317	6,767,037	176,298	1.2
Shareplus	4,028,392	4,035,903	1,936,548	391,243	5,736,504		1.4
Employee Share Plan shares (past plan)	541,263		134,645		406,618	406,618	n/a
BHP Billiton Plc							
GIS awards options	30,389			30,389			n/a
weighted average exercise price £	23.71			23.71			n/a
GSTIP awards deferred shares	321,608	87,883	145,296		264,195	1,939	0.5
GSTIP awards options	42,473			42,473			n/a
weighted average exercise price £	22.08			22.08			n/a
LTIP awards	1,004,214		150,281	193,750	660,183	137,474	0.8
Transitional OMC awards	43,066		17,872	3,661	21,533		0.2
MAP awards	1,572,083	155,860	534,197	123,918	1,069,828	29,345	0.8
Shareplus	244,794	224,046	128,725	19,396	320,719		1.4

Fair value and assumptions in the calculation of fair value for awards issued

2016	Weighted average fair	Risk-free interest	Estimated life of	Share price at grant	Estimated volatility	Dividend yield
------	-----------------------	--------------------	-------------------	----------------------	----------------------	----------------

	value of awards granted during the year US\$	rate	awards	date	of share price	
BHP Billiton Limited						
STIP awards	19.41	n/a	3 years	A\$ 26.65	n/a	4.15%
GSTIP awards deferred shares	17.83	n/a	3 years	A\$ 26.65	n/a	4.15%
LTIP awards	9.10	1.70%	5 years	A\$ 26.65	25.0%	4.15%
Transitional OMC awards	16.74	n/a	3-4 years	A\$ 26.65	n/a	4.15%
MAP awards	17.08	n/a	3-4-5 years	A\$ 26.65	n/a	4.15%
Shareplus	11.22	1.56%	3 years	A\$ 21.83	n/a	3.88%
BHP Billiton Plc						
GSTIP awards deferred shares	16.97	n/a	3 years	£ 12.60	n/a	4.68%
MAP awards	16.17	n/a	3 years	£ 12.60	n/a	4.68%
Shareplus	10.48	0.44%	3 years	£ 8.58	n/a	4.31%

Employee share awards expense is US\$140.445 million (2015: US\$202.955 million; 2014: US\$213.841 million).

Recognition and measurement

The fair value at grant date of equity-settled share awards is charged to the income statement over the period for which the benefits of employee services are expected to be derived. The fair values of awards granted were estimated using a Monte Carlo simulation methodology and Black-Scholes option pricing technique and considers the following factors:

exercise price;

expected life of the award;

current market price of the underlying shares;

expected volatility using an analysis of historic volatility over different rolling periods. For GIS options, it is calculated for each of BHP Billiton's listings; for the LTIP, it is calculated for all sector comparators and the published MSCI World index;

expected dividends;

risk-free interest rate, which is an applicable government bond rate;

market-based performance hurdles;

non-vesting conditions.

Where awards are forfeited because non-market-based vesting conditions are not satisfied, the expense previously recognised is proportionately reversed.

The tax effect of awards granted is recognised in income tax expense, except to the extent that the total tax deductions are expected to exceed the cumulative remuneration expense. In this situation, the excess of the associated current or deferred tax is recognised in other comprehensive income and forms part of the employee share awards reserve. The fair value of awards as presented in the tables above represents the fair value at grant date.

In respect of employee share awards, the Group utilises the Billiton Employee Share Ownership Trust and the BHP Billiton Limited Employee Equity Trust. The trustees of these trusts are independent companies, resident in Jersey. The trusts use funds provided by the Group to acquire ordinary shares to enable awards to be made or satisfied. The ordinary shares may be acquired by purchase in the market or by subscription at not less than nominal value. The BHP Billiton Limited Employee Equity Trust has waived its rights to dividends on shares held to meet future awards under the plans.

24. Employee benefits, restructuring and post-retirement employee benefits provisions

	2016	2015
	US\$M	US\$M
Employee benefits ^(a)	1,145	1,384
Restructuring ^(b)	17	104
Post-retirement employee benefits	352	429
Total provisions	1,514	1,917
Comprising:		
Current	988	1,324
Non-current	526	593

F-72

2016	Employee benefits US\$M	Restructuring US\$M	Post- retirement employee benefits US\$M	Total US\$M
At the beginning of the financial year	1,384	104	429	1,917
Charge/(credit) for the year:				
Underlying	988	40	34	1,062
Discounting	8		43	51
Net interest expense			(28)	(28)
Exchange variations	(52)	(3)	(4)	(59)
Released during the year	(123)	(17)	(61)	(201)
Remeasurement losses taken to retained earnings			20	20
Utilisation	(1,046)	(107)	(81)	(1,234)
Divestment and demerger of subsidiaries and operations	(3)			(3)
Transfers and other movements	(11)			(11)
At the end of the financial year	1,145	17	352	1,514

- (a) The expenditure associated with total employee benefits will occur in a pattern consistent with when employees choose to exercise their entitlement to benefits.
- (b) Total restructuring provisions include provisions for terminations and office closures.

Recognition and measurement

Provisions are recognised by the Group when:

there is a present legal or constructive obligation as a result of past events;

it is more likely than not that a permanent outflow of resources will be required to settle the obligation;

the amount can be reliably estimated and measured at the present value of management's best estimate of the cash outflow required to settle the obligation at reporting date.

Provision	Description
Employee benefits	Liabilities for annual leave and any accumulating sick leave accrued up until the reporting date that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date and disclosed within employee benefits.

Liabilities that are not expected to be settled within 12 months are discounted at the reporting date using market yields of high-quality corporate bonds or government bonds for countries where there is no deep market for corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

In relation to industry-based long service leave funds, the Group's liability, including obligations for funding shortfalls, is determined after deducting the fair value of dedicated assets of such funds.

Liabilities for unpaid wages and salaries are recognised in other creditors.

<i>Provision</i>	<i>Description</i>
Restructuring	Restructuring provisions are recognised when the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline; and the restructuring has either commenced or been publicly announced and can no longer be withdrawn. Payments falling due greater than 12 months after the reporting date are discounted to present value.

25. Pension and other post-retirement obligations

The Group operates or participates in a number of pension (including superannuation) schemes throughout the world. The funding of the schemes complies with local regulations. The assets of the schemes are generally held separately from those of the Group and are administered by trustees or management boards.

<i>Schemes</i>	<i>Description</i>
Defined contribution pension schemes and multi-employer pension schemes	For defined contribution schemes or schemes operated on an industry-wide basis where it is not possible to identify assets attributable to the participation by the Group's employees, the pension charge is calculated on the basis of contributions payable. The Group contributed US\$232 million during the financial year (2015: US\$462 million; 2014: US\$467 million) to defined contribution plans and multi-employer defined contribution plans. These contributions are expensed as incurred.
Defined benefit post-retirement medical schemes	Certain Group companies provide post-retirement medical benefits to qualifying retirees. In some cases, the benefits are provided through medical care schemes to which the Group, the employees, the retirees and covered family members contribute. In some schemes there is no funding of the benefits before retirement. These schemes are recognised on the same basis as described for defined benefit pension schemes. The Group operates a number of post-retirement medical schemes in the United States, Canada and Europe. Full actuarial valuations are prepared by local actuaries for all schemes. All of the post-retirement medical schemes in the Group are unfunded.
Defined benefit pension schemes	For defined benefit pension schemes, the cost of providing pensions is charged to the income statement so as to recognise current and past service costs, interest cost on defined benefit obligations and the effect of any curtailments or settlements, net of returns on plan assets. Remeasurement gains and losses are recognised directly in equity. An asset or liability is consequently recognised in the balance sheet based on the present value of defined benefit obligations less the fair value of plan assets, except that any such asset cannot exceed the present value of expected refunds from and reductions in future contributions to the plan. Defined benefit obligations are estimated by discounting expected future payments using market yields at the reporting date on high-quality corporate bonds in countries that have developed

corporate bond markets. However, where developed corporate bond markets do not exist, the discount rates are selected by reference to national government bonds. In both instances, the bonds are selected with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

Schemes**Description**

The Group has closed all defined benefit pensions schemes to new entrants. Defined benefit pension schemes remain operating in Australia, the United States, Canada and Europe for existing members. Full actuarial valuations are prepared and updated annually to 30 June by local actuaries for all schemes. The Group operates final salary schemes (that provide final salary benefits only), non-salary related schemes (that provide flat dollar benefits) and mixed benefit schemes (that consist of a final salary defined benefit portion and a defined contribution portion).

Risk

The Group's defined benefit pension schemes and post-retirement medical schemes expose the Group to a number of risks, including asset value volatility, interest rate variations, inflation, longevity and medical expense inflation risk.

Recognising this, the Group has adopted an approach of moving away from providing defined benefit pensions. The majority of Group-sponsored defined benefit pension schemes have been closed to new entrants for many years. Existing benefit schemes and the terms of employee participation in these schemes are reviewed on a regular basis.

Fund assets

The Group follows a coordinated strategy for the funding and investment of its defined benefit pension schemes (subject to meeting all local requirements). The Group's aim is for the value of defined benefit pension scheme assets to be maintained at close to the value of the corresponding benefit obligations, allowing for some short-term volatility.

Scheme assets are invested in a diversified range of asset classes, predominantly comprising bonds and equities.

The Group's aim is to progressively shift defined benefit pension scheme assets towards investments that match the anticipated profile of the benefit obligations, as funding levels improve and benefit obligations mature. Over time, this is expected to result in a further reduction in the total exposure of pension scheme assets to equity markets. For pension schemes that pay lifetime benefits, the Group may consider and support the purchase of annuities to back these benefit obligations if it is commercially sensible to do so.

Net liability recognised in the Consolidated Balance Sheet

The net liability recognised in the Consolidated Balance Sheet is as follows:

	Defined benefit pension schemes		Post-retirement medical schemes	
	2016 US\$M	2015 US\$M	2016 US\$M	2015 US\$M
Present value of funded defined benefit obligation	733	868		
Present value of unfunded defined benefit obligation	115	113	214	269
Fair value of defined benefit scheme assets	(710)	(822)		
Scheme deficit	138	159	214	269
Unrecognised surplus				
Unrecognised past service credits				
Adjustment for employer contributions tax		1		

Net liability recognised in the Consolidated Balance Sheet	138	160	214	269
---	------------	-----	------------	-----

F-75

The Group has no legal obligation to settle these liabilities with any immediate contributions or additional one-off contributions. The Group intends to continue to contribute to each defined benefit pension and post-retirement medical scheme in accordance with the latest recommendations of each scheme actuary.

Group and related party information

26. Discontinued operations

The Group announced on 25 May 2015 that it completed the demerger of a selection of its aluminium, coal, manganese, nickel and silver-lead-zinc assets to create an independent metals and mining company, South32. This included the Group's interests in its integrated Aluminium business, Energy Coal South Africa, Illawarra metallurgical coal, the Manganese business, the Cerro Matoso nickel operation and the Cannington silver-lead-zinc mine. The contribution of Discontinued operations included within the Group's profit until the loss of control is detailed below:

Income statement – Discontinued operations

	2015 US\$M	2014 US\$M
Profit/(loss) after taxation from operating activities	642	269
Gain on loss of control of Manganese business	2,146	
Impairment of South32 assets upon classification as held-for-distribution	(1,749)	
Loss on demerger net of transaction costs ^(a)	(2,319)	
Derecognition of deferred tax assets	(232)	
Net loss on demerger of South32 after taxation	(2,154)	
(Loss)/profit after taxation	(1,512)	269
Attributable to non-controlling interests	61	85
Attributable to owners of BHP Billiton Group	(1,573)	184
Basic (loss)/earnings per ordinary share (cents)	(29.6)	3.5
Diluted (loss)/earnings per ordinary share (cents)	(29.5)	3.4

^(a) The Group recognised the demerger in the Financial Statements as a dividend, reducing retained earnings by the fair value of South32's shares. The US\$1,795 million loss on demerger is the difference between the fair value of South32's shares and the book value of the assets distributed and the reclassification of reserves relating to South32 to the income statement. Transaction costs of US\$524 million (after tax benefit) comprised stamp duty, professional fees and separation and establishment costs.

The total comprehensive income attributable to owners of the BHP Billiton Group from Discontinued operations was a loss of US\$1,685 million during the financial year ended 30 June 2015 (2014: profit of US\$164 million).

Cash flows from Discontinued operations

	2015	2014
	US\$M	US\$M
Net operating cash flows	1,502	1,724
Net investing cash flows	(1,066)	(700)
Net financing cash flows	(203)	(32)
Net increase in cash and cash equivalents from Discontinued operations	233	992
Cash disposed on demerger of South32	(586)	
Net (decrease)/increase in cash and cash equivalents from Discontinued operations	(353)	992

F-76

27. Subsidiaries

Significant subsidiaries of the Group, which are those with the most significant contribution to the Group's net profit or net assets, are listed in the table below. For a complete list of the Group's subsidiaries, refer to Exhibit 8 - List of Subsidiaries.

Significant subsidiaries	Country of incorporation	Principal activity	Effective interest	
			2016 %	2015 %
Coal				
BHP Billiton Mitsui Coal Pty Ltd	Australia	Coal mining	80	80
BHP Navajo Coal Company ^(a)	US	Coal mining		
Hunter Valley Energy Coal Pty Ltd	Australia	Coal mining	100	100
PT Lahai Coal	Indonesia	Coal mining	75	75
San Juan Coal Company	US	Coal mining		100
Copper				
BHP Billiton Olympic Dam Corporation Pty Ltd	Australia	Copper and uranium mining	100	100
Compania Minera Cerro Colorado Limitada	Chile	Copper mining	100	100
Minera Escondida Limitada ^(b)	Chile	Copper mining	57.5	57.5
Minera Spence S.A.	Chile	Copper mining	100	100
Iron Ore				
BHP Billiton Iron Ore Pty Ltd	Australia	Service company	100	100
BHP Billiton Minerals Pty Ltd	Australia	Iron ore and coal	100	100
BHP Iron Ore (Jimblebar) Pty Ltd ^(c)	Australia	Iron ore mining	85	85
BHP Billiton (Towage Service) Pty Ltd	Australia	Freight services	100	100
Marketing				
BHP Billiton Freight Singapore Pte Limited	Singapore	Freight services	100	100
BHP Billiton Marketing AG	Switzerland	Marketing and trading	100	100
BHP Billiton Marketing Asia Pte Ltd	Singapore	Marketing and support services	100	100
Group and Unallocated				
BHP Billiton Canada Inc.	Canada	Potash development	100	100
BHP Billiton Finance BV	The Netherlands	Finance	100	100
BHP Billiton Finance Limited	Australia	Finance	100	100
BHP Billiton Finance (USA) Ltd	Australia	Finance	100	100
BHP Billiton Group Operations Pty Ltd	Australia	Administrative services	100	100
BHP Billiton International Services Ltd	UK	Service company	100	100
BHP Billiton Nickel West Pty Ltd	Australia	Nickel mining, smelting, refining and administrative services	100	100
BHP Billiton Shared Services Malaysia Sdn Bhd	Malaysia	Service company	100	100
WMC Finance (USA) Limited	Australia	Finance	100	100

(a)

The Group divested its 100 per cent effective interest in BHP Navajo Coal Company (Navajo) in December 2013. However, as BHP Billiton controls the Navajo mine until full consideration is received from the buyer, the financial results of the Navajo mine are consolidated by the Group. The divestment of Navajo Coal completed on 29 July 2016 and will be recognised in FY2017. BHP Billiton will continue to manage Navajo Coal in accordance with the Mine Management Agreement until 31 December 2016.

F-77

- (b) As the Group has the ability to direct the relevant activities at Minera Escondida Limitada, it has control over the entity. The assessment of the most relevant activity in this contractual arrangement is subject to judgement. The Group establishes the mine plan and the operating budget and has the ability to appoint the key management personnel, demonstrating that the Group has the existing rights to direct the relevant activities of Minera Escondida Limitada.
- (c) The Group has an effective interest of 92.5 per cent in BHP Iron Ore (Jimblebar) Pty Ltd; however, by virtue of the shareholder agreement with ITOCHU Minerals & Energy of Australia Pty Ltd and Mitsui & Co. Iron Ore Exploration & Mining Pty Ltd, the Group's interest in the Jimblebar mining operation is 85 per cent, which is consistent with the other respective contractual arrangements at Western Australia Iron Ore.

28. Investments accounted for using the equity method

The Group's interests in equity accounted investments with the most significant contribution to the Group's net profit or net assets are listed below. For a complete list of the Group's associates and joint ventures refer to Exhibit 8 – List of Subsidiaries.

Shareholdings in associates and joint ventures	Country of incorporation/ principal place of business	Associate or joint venture	Principal activity	Reporting date	Ownership interest	
					2016 %	2015 %
Carbones del Cerrejón LLC (Cerrejón)	Anguilla/ Colombia	Associate	Coal mining in Colombia	31 December	33.33	33.33
Compañía Minera Antamina S.A. (Antamina)	Peru	Associate	Copper and zinc mining	31 December	33.75	33.75
Samarco Mineração S.A. (Samarco)	Brazil	Joint venture	Iron ore mining	31 December	50.00	50.00

Voting in relation to relevant activities in Antamina and Cerrejón, determined to be the approval of the operating and capital budgets, does not require unanimous consent of all participants to the arrangement, therefore joint control does not exist. Instead, because the Group has the power to participate in the financial and operating policies of the investee, these investments are accounted for as associates.

Samarco is jointly owned by BHP Billiton Brasil Ltda (BHP Billiton Brasil) and Vale S.A. (Vale). As the Samarco entity has the rights to the assets and obligations to the liabilities relating to the joint arrangement and not its owners, this investment is accounted for as a joint venture.

The Group is restricted in its ability to make dividend payments from its investments in associates and joint ventures as any such payments require the approval of all investors in the associates and joint ventures. The ownership interest at the Group's and the associates' or joint ventures' reporting dates are the same. When the annual financial reporting date is different to the Group's, financial information is obtained as at 30 June in order to report on an annual basis consistent with the Group's reporting date.

The movement for the year in the Group's investments accounted for using the equity method is as follows:

Year ended 30 June 2016	Investment in associates	Investment in joint ventures	Total equity accounted investments
US\$M			
At the beginning of the financial year	2,668	1,044	3,712
Share of operating profit of equity accounted investments	140	136	276
Share of loss relating to the Samarco dam failure ^(a)		(655)	(655)
Impairment of the carrying value of the investment in Samarco ^(a)		(525)	(525)
Samarco dam failure provision ^(a)		(1,200)	(1,200)
(Loss)/profit from equity accounted investments, related impairments and expenses	140	(2,244)	(2,104)
Investment in equity accounted investments	58		58
Loss and expenses recognised as a provision for Samarco dam failure ^(b)		1,200	1,200
Dividends received from equity accounted investments	(293)		(293)
Other	2		2
At the end of the financial year	2,575		2,575

(a) BHP Billiton Brasil has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment) and recognised a provision of US\$(1,200) million for potential obligations under the Framework Agreement. US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense.

(b) As the investment carrying value has been adjusted to US\$ nil, additional share of Samarco losses US\$(572) million and Samarco dam failure provision expense US\$(628) million are included in the provision for Samarco dam failure. This reflects BHP Billiton Brasil's US\$(1,200) million potential funding obligation to the Foundation as a result of the Framework Agreement.

Refer to note 3 Significant events Samarco dam failure for further information regarding the dam failure in November 2015.

The following table summarises the financial information relating to each of the Group's significant equity accounted investments. The unrecognised share of profit for the period was US\$33 million (2015: US\$5 million), which decreased the cumulative losses to US\$161 million (2015: decrease to US\$194 million). BHP Billiton Brasil's 50 per cent portion of Samarco's commitments, for which BHP Billiton Brasil has no funding obligation, is US\$741 million (2015: US\$1,272 million).

2016 US\$M		Associates		Joint ventures		Total
		Antamina	Cerrejón	Individually immaterial	Samarco ^(a) Individually immaterial	
Current assets		1,017	706		323 ^(b)	
Non-current assets		4,279	2,717		6,460	
Current liabilities		(362)	(126)		(4,722) ^(c)	
Non-current liabilities		(939)	(875)		(2,954) ^(d)	
Net assets/(liabilities)	100%	3,995	2,422		(893)	
Net assets/(liabilities)	BHP Billiton share	1,348	807		(447)	
Adjustments to net assets related to accounting policy adjustments		1	86		400 ^(e)	
Impairment of the carrying value of the investment in Samarco					(525) ^(f)	
Additional share of Samarco losses					572 ^(f)	
Carrying amount of investments accounted for using the equity method		1,349	893	333		2,575
Revenue	100%	2,639	1,575		937	
Profit/(loss) from Continuing operations	100%	606	(73)		(2,182) ^(g)	
Share of operating (loss)/profit of equity accounted investments		203	(24)	(39)	(1,091) ^(h)	(951)
Samarco dam failure provision expense					(628) ^(f)	(628)
Impairment of the carrying value of the investment in Samarco					(525) ^(f)	(525)
(Loss)/profit from equity accounted investments, related impairments and expenses		203	(24)	(39)	(2,244)	(2,104)
Comprehensive income	100%	606	(73)		(2,182)	
		203	(24)	(39)	(2,244)	(2,104)

**Share of comprehensive
(loss)/income BHP Billiton share
in equity accounted investments**

Dividends received from equity accounted investments	233	29	31	293
---	------------	-----------	-----------	------------

F-80

2015		Associates		Joint ventures			
		Antamina	Cerrejón	Individually immaterial	Samarco	Individually immaterial	Total
US\$M							
Current assets		958	907		1,256 ^(b)		
Non-current assets		4,245	2,933		6,102		
Current liabilities		(278)	(192)		(2,006) ^(c)		
Non-current liabilities		(846)	(1,082)		(4,090) ^(d)		
Net assets	100%	4,079	2,566		1,262		
Net assets	BHP Billiton share	1,377	855		631		
Adjustments to net assets related to accounting policy adjustments		2	91		413 ^(e)		
Carrying amount of investments accounted for using the equity method		1,379	946	343	1,044	3,712	
Revenue	100%	2,530	2,156		2,810		
Profit from Continuing operations	100%	765	(62)		1,283 ^(g)		
Profit/(loss) from equity accounted investments, related impairments and expenses ⁽ⁱ⁾		229	(20)	(30)	371	(26)	
Comprehensive income	100%	765	(62)		1,283		
Share of comprehensive income/(loss)	BHP Billiton share in equity accounted investments	229	(20)	(30)	371	(26)	
Dividends received from equity accounted investments ⁽ⁱ⁾		191	99	37	396	342	
						1,065	
2014		Associates		Joint ventures			
		Antamina	Cerrejón	Individually immaterial	Samarco	Individually immaterial	Total
US\$M							
Revenue	100%	3,736	2,444		3,269		
Profit from Continuing operations	100%	1,414	373		1,337 ^(g)		
Profit/(loss) from equity accounted investments, related impairments and expenses ⁽ⁱ⁾		476	115	(3)	607		
						1,195	

Comprehensive income	100%	1,414	373		1,337	
Share of comprehensive income/(loss) in equity accounted investments	BHP Billiton share	476	115	(3)	607	1,195
Dividends received from equity accounted investments ⁽ⁱ⁾		446	187	36	581	1,250

(a) Refer to note 3 Significant events Samarco dam failure for further information regarding the financial impact of the Samarco dam failure in November 2015 on BHP Billiton Brasil's share of Samarco's operating profit.

(b) Includes cash and cash equivalents of US\$138 million (2015: US\$711 million).

- (c) Includes current financial liabilities (excluding trade and other payables and provisions) of US\$3,870 million (2015: US\$993 million).
- (d) Includes non-current financial liabilities (excluding trade and other payables and provisions) of US\$3 million (2015: US\$3,844 million).
- (e) Relates to dividends declared by Samarco that remain unpaid at balance date and which, in accordance with the Group's accounting policy, are recognised when received not receivable.
- (f) BHP Billiton Brasil has adjusted its investment in Samarco to US\$ nil (resulting from US\$(655) million share of loss from Samarco and US\$(525) million impairment) and recognised a provision of US\$(1,200) million for potential obligations under the Framework Agreement. US\$(572) million of the US\$(1,200) million provision represents an additional share of loss from Samarco with the remaining US\$(628) million recognised as provision expense.
- (g) Includes depreciation and amortisation of US\$148 million (2015: US\$236 million; 2014: US\$113 million), interest income of US\$43 million (2015: US\$86 million; 2014: US\$6 million), interest expense of US\$209 million (2015: US\$227 million; 2014: US\$181 million) and income tax benefit/(expense) of US\$564 million (2015: US\$(275) million; 2014: US\$(207) million).
- (h) US\$(1,091) million represents US\$(1,227) million share of loss relating to the Samarco dam failure (exceptional item) and US\$136 million share of operating profit prior to the dam failure.
- (i) Includes share of operating losses of equity accounted investments from Discontinued operations for the year ended 30 June 2015 of US\$24 million and share of operating profit for the year ended 30 June 2014 of US\$10 million.
- (i) Includes dividend received from equity accounted investments from Discontinued operations of US\$342 million for the year ended 30 June 2015 and US\$ nil for the year ended 30 June 2014.

29. Interests in joint operations

Significant joint operations of the Group, which are those with the most significant contributions to the Group's net profit or net assets, are as follows. For a complete list of the Group's investments in joint operations refer to Exhibit 8 List of Subsidiaries.

Significant joint operations	Country of operation	Principal activity	Effective interest	
			2016 %	2015 %
Bass Strait	Australia	Hydrocarbons production	50	50
Greater Angostura	Trinidad and Tobago	Hydrocarbons production	45	45
Eagle Ford ^(a)	US	Hydrocarbons exploration and production	<1 100	2 100
Fayetteville ^(a)	US	Hydrocarbons exploration and production	<1 100	<0.1 100
Gulf of Mexico	US	Hydrocarbons exploration and production	23.9 44	23.9 44
Haynesville ^(a)	US	Hydrocarbons exploration and production	<1 100	<0.1 100
Macedon ^(a)	Australia	Hydrocarbons exploration and production	71.43	71.43
North West Shelf	Australia	Hydrocarbons production	8.33 16.67	8.33 16.67
Permian ^(a)	US	Hydrocarbons exploration and production	<1 100	37.5 100
Pyrenees ^(a)	Australia	Hydrocarbons exploration and production	40 71.43	40 71.43
ROD Integrated Development	Algeria	Hydrocarbons exploration and production	38	38
Zamzama	Pakistan	Hydrocarbons exploration and production		38.5
Mt Goldsworthy ^(b)	Australia	Iron ore mining	85	85
Mt Newman ^(b)	Australia	Iron ore mining	85	85
Yandi ^(b)	Australia	Iron ore mining	85	85
Central Queensland Coal Associates	Australia	Coal mining	50	50

^(a) While the Group holds a greater than 50 per cent interest in these joint operations, all the participants in these joint operations approve the operating and capital budgets and therefore the Group has joint control over the relevant activities of these arrangements.

^(b) These contractual arrangements are controlled by the Group and do not meet the definition of joint operations. However, as they are formed by contractual arrangement and are not entities, the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

Assets held in joint operations subject to significant restrictions are as follows:

	Group share	
	2016	2015
	US\$M	US\$M
Current assets	3,442	6,039
Non-current assets	56,491	64,896
Total assets ^(a)	59,933	70,935

(a) While the Group is unrestricted in its ability to sell a share of its interest in these joint operations, it does not have the right to sell individual assets that are used in these joint operations without the unanimous consent of the other participants. The assets in these joint operations are also restricted to the extent that they are only available to be used by the joint operation itself and not by other operations of the Group.

30. Related party transactions

The Group's related parties are predominantly subsidiaries, joint operations, joint ventures and associates and key management personnel of the Group. Disclosures relating to key management personnel are set out in note 22 Key management personnel. Transactions between each parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

All transactions from/to related parties are made at arm's length, i.e. at normal market prices and rates and on normal commercial terms.

Outstanding balances at year-end are unsecured and settlement occurs in cash. Loan amounts owing from related parties represent secured loans made to joint operations, associates and joint ventures under co-funding arrangements. Such loans are made on an arm's length basis with interest charged at market rates and are due to be repaid between 16 August 2017 and 31 August 2031.

No guarantees are provided or received for any related party receivables or payables.

No provision for doubtful debts has been recognised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

There were no other related party transactions in the year ended 30 June 2016 (2015: US\$ nil), other than those with post-employment benefit plans for the benefit of Group employees. These are shown in note 25 Pension and other post-retirement obligations.

Transactions with related parties

Further disclosures related to other related party transactions are as follows:

	Joint operations		Joint ventures		Associates	
	2016	2015	2016	2015	2016	2015
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Sales of goods/services		198.341				6.666
Purchases of goods/services		33.745			786.789	936.868
Interest income	1.673	1.340		2.192	56.777	53.458
Interest expense	0.011	0.004				0.148
Dividends received				738.384	292.813	326.529
Net loans made to/(repayments from) related parties	74.043	(69.198)		(150.101)	(102.106)	(30.899)

F-84

Outstanding balances with related parties

Disclosures in respect of amounts owing to/from joint operations represent the amount that does not eliminate on consolidation.

	Joint operations		Joint ventures		Associates	
	2016	2015	2016	2015	2016	2015
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Trade amounts owing to related parties					117.700	193.775
Loan amounts owing to related parties	36.907	103.431			38.097	32.097
Trade amounts owing from related parties					0.749	
Loan amounts owing from related parties	21.464	13.945			919.194	1,015.300

Unrecognised items and uncertain events**31. Commitments**

The Group's commitments for capital expenditure were US\$1,737 million as at 30 June 2016 (2015: US\$2,276 million). The Group's other commitments are as follows:

	Commitments under finance leases		Commitments under operating leases	
	2016	2015	2016	2015
	US\$M	US\$M	US\$M	US\$M
Due not later than one year	49	138	371	606
Due later than one year and not later than five years	221	222	888	864
Due later than five years	115	166	887	898
Total	385	526	2,146	2,368
Future financing liability	(39)	(57)		
Right to reimbursement from joint operations partner		(31)		
Finance lease liability	346	438		

Finance leases include leases of power generation and transmission assets. Certain lease payments may be subject to inflation escalation clauses on which contingent rentals are determined. The leases contain extension and renewal options.

Operating leases include leases of property, plant and equipment. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. Certain leases contain extension and renewal options.

32. Contingent liabilities

	2016 US\$M	2015 US\$M
Associates and joint ventures		
Tax and other matters ^(a)	1,508	1,313
Subsidiaries and joint operations		
Tax and other matters ^(a)	1,933	1,947
Bank guarantees	1	3
Total	3,442	3,263

^(a) There are a number of matters, for which it is not possible at this time to provide a range of possible outcomes or a reliable estimate of potential future exposures, and for which no amounts have been included in the table above. A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

The Group presently has tax matters, litigation and other claims, for which the timing of resolution and potential economic outflow are uncertain. Obligations assessed as having probable future economic outflows capable of reliable measurement are provided at reporting date and matters assessed as having possible future economic outflows capable of reliable measurement are included in the total amount of contingent liabilities above. Individually significant matters, including narrative on potential future exposures incapable of reliable measurement, are disclosed below, to the extent that disclosure does not prejudice the Group.

Uncertain tax and royalty matters

The Group is subject to a range of tax and royalty matters across many jurisdictions. Changes in tax law, changes in interpretation of tax law, periodic challenges and disagreements with tax authorities, and legal proceedings result in uncertainty of the outcome of tax and royalty matters. Areas of uncertainty at reporting date include the Group's cross-border operations and transactions, including transfer pricing estimates.

Details of uncertain tax and royalty matters have been disclosed in note 5 Income tax expense. To the extent uncertain tax and royalty matters give rise to a contingent liability, an estimate of the potential liability is included within the table above, where it is capable of reliable measurement.

Samarco contingent liabilities

The table above includes contingent liabilities related to the Group's equity accounting investment in Samarco to the extent they are capable of reliable measurement. Details of contingent liabilities related to Samarco are disclosed in note 3 Significant events Samarco dam failure .

Demerger of South32

As part of the demerger of South32 Limited (South32) in May 2015, certain indemnities were agreed as part of the Separation Deed. Subject to certain exceptions, BHP Billiton Limited indemnifies South32 against all claims and liabilities relating to the BHP Billiton Businesses and former BHP Billiton Businesses prior to the

demerger and South32 indemnifies the Group against all claims and liabilities relating to the South32 Businesses and former South32 Businesses. No significant claims have been made pursuant to the Separation Deed as at 30 June 2016.

Investigation by the Australian Federal Police

As previously disclosed, the Australian Federal Police (AFP) announced an investigation in 2013, which relates to Division 70 of the Commonwealth Criminal Code. The investigation is ongoing and the Group continues to cooperate. In light of the continuing nature of the investigation, it is not appropriate at this stage for BHP Billiton to predict outcomes and therefore no amount is included in the table above.

Bank guarantees

The Group has entered into various counter-indemnities of bank and performance guarantees related to its own future performance, which are in the normal course of business.

33. Subsequent events

Cessation of the Carooona Coal Project

As announced on 11 August 2016, the Group has agreed with the New South Wales Government to cease progression of the Carooona Coal Project and will receive A\$220 million (approximately US\$170 million) due to cancellation of the related exploration licence.

Partial divestment of Scarborough interests

On 5 September 2016, the Group announced it had signed an agreement to divest 50 per cent of its interest in the undeveloped Scarborough area gas fields to Woodside Energy Limited. The sale is subject to a number of conditions precedent, including joint venture partner pre-emption rights and regulatory approvals.

The consideration would comprise US\$250 million cash on completion and a further US\$150 million should the Scarborough field proceed to development.

Other than the matters outlined above or elsewhere in this financial information, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

Other items

34. Acquisitions and disposals of subsidiaries, operations, joint operations and equity accounted investments

Acquisitions

There were no acquisitions made during the years ended 30 June 2016, 2015 and 2014.

Divestments

Excluding Discontinued operations, the Group disposed of the following subsidiaries, operations, joint operations and equity accounted investments during the year ended:

30 June 2016

Pakistan gas business

San Juan Mine

F-87

30 June 2015

North Louisiana conventional onshore assets

Pecos field

30 June 2014

Pinto Valley and San Manuel Arizona Railroad Company

Liverpool Bay

South Midland (Onshore US Midland Basin)

Kelar S.A.

	2016	2015	2014
	US\$M	US\$M	US\$M
Net assets disposed	153	241	145
Gross cash consideration	168	256	812
Less cash and cash equivalents disposed	(2)		
Total consideration	166	256	812
Other effects ^(a)	1		6
Net gain on disposal	14	15	673

^(a) Other effects include deferred consideration of US\$1 million for 30 June 2016 (2015: US\$ nil; 2014: US\$6 million).

Sale of non-controlling interests in subsidiaries

There was no sale of interests in subsidiaries to non-controlling interests (NCI) for the years ending 30 June 2016 and 30 June 2015.

For the year ending 30 June 2014, the Group announced on 20 June 2013 an extension of its long-term WAIO contractual arrangement with ITOCHU Corporation (ITOCHU) and Mitsui & Co., Ltd. (Mitsui). The transaction was completed on 10 July 2013 and aligned interests across the WAIO supply chain. Under the terms of the agreement, ITOCHU and Mitsui purchased shares in BHP Iron Ore (Jimblebar) Pty Ltd providing them with an eight per cent and seven per cent NCI, respectively, in the Jimblebar mining hub and resource. The equity proceeds of US\$1,337 million

are included in the Contributions from non-controlling interests item of the Consolidated Cash Flow Statement. The difference of US\$971 million between the equity proceeds and the initial measurement of NCI of US\$366 million is included in the NCI contribution reserve.

35. Auditor s remuneration

	2016	2015	2014
	US\$M	US\$M	US\$M
Fees payable to the Group s auditors for assurance services			
Audit of the Group s Annual Report	3.126	4.299	4.093
Audit of subsidiaries, joint ventures and associates	7.715	11.185	13.201
Audit-related assurance services	3.493	5.377	5.635
Other assurance services	1.508	1.557	2.133
Total assurance services	15.842	22.418	25.062
Fees payable to the Group s auditors for other services			
Other services relating to corporate finance	0.276	6.871	1.820
All other services	0.815	1.093	1.573
Total other services	1.091	7.964	3.393
Total fees	16.933	30.382	28.455

All amounts were paid to KPMG or KPMG affiliated firms. Fees are determined in local currencies and are predominantly billed in US dollars based on the exchange rate at the beginning of the relevant financial year.

Fees payable to the Group s auditors for assurance services

For all periods disclosed, no fees are payable in respect of the audit of pension funds.

Audit-related assurance services comprise review of half-year reports and audit work in relation to compliance with section 404 of the US Sarbanes-Oxley Act.

Other assurance services comprise assurance in respect of the Group s sustainability reporting.

Fees payable to the Group s auditors for other services

Other services relating to corporate finance comprise services in connection with acquisitions, divestments, the South32 demerger and debt raising transactions.

All other services comprise non-statutory assurance based procedures, advice on accounting matters, as well as tax compliance services of US\$0.089 million (2015: US\$ nil; 2014: US\$0.008 million).

36. Not required for US reporting**37. Deed of Cross Guarantee**

BHP Billiton Limited together with wholly owned subsidiaries identified in Exhibit 8 List of Subsidiaries entered into a Deed of Cross Guarantee (Deed) on 6 June 2016. The effect of the Deed is that BHP Billiton Limited has guaranteed to pay any deficiency in the event of the winding up of any wholly owned subsidiary that is party to the Deed. Wholly owned subsidiaries that are party to the Deed have also given a similar guarantee in the event that BHP Billiton

Limited or another party to the Deed is wound up.

The wholly owned Australian subsidiaries identified in Exhibit 8 List of Subsidiaries are relieved from the requirements to prepare and lodge audited financial reports.

F-89

A Consolidated Statement of Comprehensive Income and Retained Earnings and Consolidated Balance Sheet, comprising BHP Billiton Limited and the wholly owned subsidiaries that are party to the Deed for the year ended 30 June 2016 are as follows:

Consolidated Statement of Comprehensive Income and Retained Earnings	2016 US\$M
Revenue	4,687
Other income	6,192
Expenses excluding net finance costs	(6,203)
Net finance costs	(320)
Income tax expense	(220)
Profit after taxation	4,136
Total other comprehensive income	20
Total comprehensive income	4,156
Retained earnings at the beginning of the financial year	40,768
Profit after taxation for the year	4,136
Transfers to and from reserves	56
Dividends	(4,498)
Retained earnings at the end of the financial year	40,462

Consolidated Balance Sheet	2016 US\$M
ASSETS	
Current assets	
Trade and other receivables	1,163
Loans to related parties	10,049
Inventories	639
Current tax assets	790
Other	58
Total current assets	12,699
Non-current assets	
Trade and other receivables	63
Inventories	161
Property, plant and equipment	15,324
Intangible assets	679
Investments in BHP Billiton Group companies	29,261
Deferred tax assets	667
Other	17
Total non-current assets	46,172
Total assets	58,871
LIABILITIES	
Current liabilities	
Trade and other payables	1,270
Loans from related parties	4,922
Interest bearing liabilities	61
Current tax payable	112
Provisions	377
Deferred income	9
Total current liabilities	6,751
Non-current liabilities	
Trade and other payables	4
Loans from related parties	7,504
Interest bearing liabilities	293
Deferred tax liabilities	619
Provisions	1,785
Deferred income	23
Total non-current liabilities	10,228
Total liabilities	16,979
Net assets	41,892

EQUITY

Share capital	BHP Billiton Limited	1,186
Treasury shares		(7)
Reserves		251
Retained earnings		40,462
Total equity		41,892

F-91

38. New and amended accounting standards and interpretations issued but not yet effective

There are no new accounting standards or interpretations that have been adopted for the first time in these Financial Statements. The following new accounting standards are not yet effective, but may have an impact on the Group in financial years commencing on or after 1 July 2016:

Title of standard	Summary of impact on the Financial Statements	Application date of standard	Application date for the financial year commencing
IFRS 15/AASB 15 Revenue from Contracts with Customers	This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 January 2018	1 July 2018
IFRS 9/AASB 9 Financial Instruments	This standard modifies the classification and measurement of financial assets. It includes: <p style="margin-left: 40px;">a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;</p> <p style="margin-left: 40px;">a new expected loss impairment model requiring expected losses to be recognised when financial instruments are first recognised;</p> <p style="margin-left: 40px;">a modification of hedge accounting to align the accounting treatment with risk management practices of an entity.</p>	1 January 2018	1 July 2018
IFRS 16/AASB 16 Leases	This standard requires lessees to account for all leases under a single on-balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement.	1 January 2019	1 July 2019

The Group is currently in the process of determining the potential impact of adopting the above standards. These standards have not been applied in the preparation of these Financial Statements. IFRS 15, IFRS 9 and IFRS 16 have not been endorsed by the EU and hence are not available for early adoption in the EU.

39. Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to estimate reserves, estimates are required for a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

F-92

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements to interpret the data.

Additional information on the Group's mineral and oil and gas reserves can be viewed within section 6.3.

How reserves are estimated

(i) Mineral reserves

The Group determines and reports ore reserves in Australia and the United Kingdom under the principles incorporated in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves December 2012 known as the JORC Code, and the Australian Securities Exchange (ASX) Listing Rules 2014 for minerals. The JORC Code requires the use of reasonable investment assumptions when reporting reserves. As a result, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future and as a result, those lower prices are used to estimate reserves under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

Reserve reporting requirements for SEC filings in the United States are specified in Industry Guide 7, with economic assumptions based on current economic conditions that may differ to the JORC Code's reasonable investment assumptions. Accordingly, a SEC pricing assumptions test is performed with reserve estimates derived under JORC compared to those derived assuming current economic conditions. Reserves disclosed in the United States will differ only if the SEC pricing assumption test indicates reserves lower than those reported under JORC in Australia and the United Kingdom.

(ii) Oil and gas reserves

Oil and gas reserves reported in Australia, the United Kingdom, and the United States for SEC filing purposes, are based on the average of prices prevailing on the first day of each month for the past 12 months as required under the SEC Rules Modernisation of Oil & Gas Reporting.

Reserve impact on financial reporting

Estimates of reserves may change from period-to-period as the economic assumptions used to estimate reserves change and additional geological data is generated during the course of operations. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

Asset carrying values may be affected due to changes in estimated future production levels;

Depreciation, depletion and amortisation charged in the income statement may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change;

Overburden removal costs recorded on the balance sheet or charged to the income statement may change due to changes in stripping ratios or the units of production basis of depreciation;

Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities;

The carrying amount of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

F-93

5.2 Not required for US reporting

5.3 Directors declaration

In accordance with a resolution of the Directors of the BHP Billiton Group, the Directors declare that:

- (a) in the Directors' opinion and to the best of their knowledge the Financial Statements and notes, set out in sections 5.1 and 5.2, are in accordance with the UK Companies Act 2006 and the Australian Corporations Act 2001, including:
 - (i) complying with the applicable Accounting Standards;
 - (ii) giving a true and fair view of the assets, liabilities, financial position and profit or loss of each of BHP Billiton Limited, BHP Billiton Plc, the BHP Billiton Group and the undertakings included in the consolidation taken as a whole as at 30 June 2016 and of their performance for the year ended 30 June 2016;
- (b) the financial report also complies with International Financial Reporting Standards, as disclosed in section 5.1;
- (c) to the best of the Directors' knowledge, the management report (comprising the Strategic Report and Directors Report) includes a fair review of the development and performance of the business and the financial position of the BHP Billiton Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces;
- (d) in the Directors' opinion there are reasonable grounds to believe that each of the BHP Billiton Group, BHP Billiton Limited and BHP Billiton Plc will be able to pay its debts as and when they become due and payable;
- (e) in the Directors' opinion, as at the date of this declaration, there are reasonable grounds to believe that BHP Billiton Limited and each of the Closed Group entities identified in Exhibit 8 – List of Subsidiaries will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the BHP Billiton Group and those group entities pursuant to ASIC Class Order 98/1418. The Directors have been given the declarations required by Section 295A of the Australian Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

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

Jac Nasser AO

Chairman

Andrew Mackenzie

Chief Executive Officer

Dated this 8th day of September 2016

F-94

5.4 Statement of Directors responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company Financial Statements in accordance with applicable law and regulations. References to the Group and parent company Financial Statements are made in relation to the Group and individual parent company Financial Statements of BHP Billiton Plc.

UK company law requires the Directors to prepare Group and parent company Financial Statements for each financial year. The Directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group Financial Statements must, in accordance with IFRS as adopted by the EU and applicable law, present fairly the financial position and performance of the Group; references in the UK Companies Act 2006 to such Financial Statements giving a true and fair view are references to their achieving a fair presentation.

The parent company Financial Statements must, in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the state of affairs of the parent company at the end of the financial year and of the profit or loss of the parent company for the financial year.

In preparing each of the Group and parent company Financial Statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

for the Group Financial Statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;

for the parent company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company Financial Statements;

prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its Financial Statements comply with the UK Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors Report, Directors Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

5.5 Not required for US reporting

F-95

5.6 Reports of Independent Registered Public Accounting Firms

Report of Independent Registered Public Accounting Firms

To the members of BHP Billiton Plc and BHP Billiton Limited:

We have audited the accompanying consolidated balance sheets of the BHP Billiton Group (comprising BHP Billiton Plc, BHP Billiton Limited and their respective subsidiaries) as of 30 June 2016 and 30 June 2015, and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for each of the years in the three-year period ended 30 June 2016. These consolidated financial statements are the responsibility of the BHP Billiton Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the BHP Billiton Group as of 30 June 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended 30 June 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the BHP Billiton Group's internal control over financial reporting as of 30 June 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated 21 September 2016, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness in the effectiveness of controls over the determination of which deferred income tax balances to include in the carrying values of the Onshore US assets and market participant assumptions used to measure fair value less costs of disposal for impairment assessment purposes that arose due to a lack of understanding of how to distinguish between assumptions specific to the BHP Billiton Group and those of a market participant including the application of deferred income taxes, as to which the date is 19 July 2017, expressed an adverse opinion on the effectiveness of the BHP Billiton Group's internal control over financial reporting.

/s/ KPMG LLP

KPMG LLP

London, United Kingdom

/s/ KPMG

KPMG

Melbourne, Australia

Edgar Filing: BHP BILLITON LTD - Form 20-F/A

21 September 2016, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness, as to which the date is 19 July 2017

21 September 2016, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness, as to which the date is 19 July 2017

KPMG, an Australian partnership and KPMG LLP, a UK limited liability partnership, member firms of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

KPMG s liability limited by a KPMG LLP scheme approved under Professional Standards Legislation.

Registered in England No OC301540
Registered office:
15 Canada Square,
London, E14 5GL

For full details of our professional registration please refer

to Regulatory Information under About/About KPMG at

www.kpmg.com/uk

Report of Independent Registered Public Accounting Firms

To the members of BHP Billiton Plc and BHP Billiton Limited:

We have audited the BHP Billiton Group's (comprising BHP Billiton Plc, BHP Billiton Limited and their respective subsidiaries) internal control over financial reporting as of 30 June 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The BHP Billiton Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Part II, Item 15 (Controls and procedures). Our responsibility is to express an opinion on the BHP Billiton Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated 21 September 2016, we expressed an unqualified opinion on the effectiveness of the BHP Billiton Group's internal control over financial reporting. As described in the following paragraph, the BHP Billiton Group, subsequently identified a material weakness in its internal control over financial reporting. Accordingly, management has revised its assessment about the effectiveness of the BHP Billiton Group's internal control over financial reporting, and our present opinion on the effectiveness of the BHP Billiton Group's internal control over financial reporting as of 30 June 2016 as expressed herein, is different from that expressed in our previous report.

KPMG, an Australian partnership and KPMG LLP, a UK	KPMG's liability limited by a KPMG LLP
limited liability partnership, member firms of the KPMG	scheme approved under
	Registered in England No

Edgar Filing: BHP BILLITON LTD - Form 20-F/A

network of independent member firms affiliated with

Professional Standards

OC301540

KPMG International Cooperative (KPMG

Legislation.

Registered office:
15 Canada Square,
London, E14 5GL

International), a Swiss entity.

For full details of
our professional
registration please
refer

to Regulatory
Information under
About/About
KPMG at

www.kpmg.com/uk

F-97

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis. A material weakness in the effectiveness of controls over the determination of which deferred income tax balances to include in the carrying values of the Onshore US assets and market participant assumptions used to measure fair value less costs of disposal for impairment assessment purposes has been identified and included in management's assessment. The material weakness arose due to a lack of understanding, by both the process owner and control operator, of how to distinguish between assumptions specific to the BHP Billiton Group and those of a market participant, including the application of deferred income taxes, in determining impairment of the Onshore US assets.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the BHP Billiton Group as of 30 June 2016 and 30 June 2015, and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for each of the years in the three-year period ended 30 June 2016. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the consolidated financial statements for the same periods, and this report does not affect our report dated 21 September 2016, except for the restatement as to the effectiveness of internal control over financial reporting for the material weakness, as to which the date is 19 July 2017, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, the BHP Billiton Group has not maintained effective internal control over financial reporting as of 30 June 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

/s/ KPMG LLP

KPMG LLP

London, United Kingdom

21 September 2016, except for the restatement as to

the effectiveness of internal control over financial

reporting for the material weakness, as to which

the date is 19 July 2017

/s/ KPMG

KPMG

Melbourne, Australia

21 September 2016, except for the restatement as to

the effectiveness of internal control over financial

reporting for the material weakness, as to which

the date is 19 July 2017

5.7 Supplementary oil and gas information unaudited

In accordance with the requirements of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Extractive Activities-Oil and Gas (Topic 932) and SEC requirements set out in Subpart 1200 of Regulation S-K, the Group is presenting certain disclosures about its oil and gas activities. These disclosures are presented below as supplementary oil and gas information, in addition to information disclosed in section 1.14.1 Petroleum and section 6.3.1 Petroleum reserves .

The information set out in this section is referred to as unaudited as it is not included in the scope of the audit opinion of the independent auditor on the Consolidated Financial Statements, refer to section 5.6 Independent Auditors reports .

Reserves and production

Proved oil and gas reserves and net crude oil and condensate, natural gas, LNG and NGL production information is included in section 6.2.2 Production Petroleum and section 6.3.1 Petroleum reserves .

Capitalised costs relating to oil and gas production activities

The following table shows the aggregate capitalised costs relating to oil and gas exploration and production activities and related accumulated depreciation, depletion, amortisation and valuation allowances.

	Australia US\$M	United States US\$M	Other ^(a) US\$M	Total US\$M
Capitalised cost				
2016				
Unproved properties	338	5,074	119	5,531
Proved properties	15,523	40,929	2,372	58,824
Total costs	15,861	46,003	2,491	64,355
Less: Accumulated depreciation, depletion, amortisation and valuation allowances	(8,364)	(28,664)	(1,938)	(38,966)
Net capitalised costs	7,497	17,339	553	25,389
2015				
Unproved properties	385	8,117	99	8,601
Proved properties	15,125	37,341	2,443	54,909
Total costs	15,510	45,458	2,542	63,510
Less: Accumulated depreciation, depletion, amortisation and valuation allowances	(7,727)	(19,100)	(2,094)	(28,921)
Net capitalised costs	7,783	26,358	448	34,589
2014				
Unproved properties	344	7,355	200	7,899
Proved properties	14,801	34,963	2,388	52,152

Total costs	15,145	42,318	2,588	60,051
Less: Accumulated depreciation, depletion, amortisation and valuation allowances	(7,135)	(13,269)	(2,021)	(22,425)
Net capitalised costs	8,010	29,049	567	37,626

(a) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

F-99

Costs incurred relating to oil and gas property acquisition, exploration and development activities

The following table shows costs incurred relating to oil and gas property acquisition, exploration and development activities (whether charged to expense or capitalised). Amounts shown include interest capitalised.

	Australia US\$M	United States US\$M	Other ^(c) US\$M	Total US\$M
2016				
Acquisitions of proved property				
Acquisitions of unproved property	22	42		64
Exploration ^(a)	42	385	194	621
Development	412	1,254	200	1,866
Total costs ^(b)	476	1,681	394	2,551
2015				
Acquisitions of proved property				
Acquisitions of unproved property		37		37
Exploration ^(a)	127	281	248	656
Development	429	4,036	52	4,517
Total costs ^(b)	556	4,354	300	5,210
2014				
Acquisitions of proved property				
Acquisitions of unproved property	35	217	42	294
Exploration ^(a)	185	242	97	524
Development	949	5,034	75	6,058
Total costs ^(b)	1,169	5,493	214	6,876

^(a) Represents gross exploration expenditure, including capitalised exploration expenditure, in addition to exploration and evaluation costs charged to income as incurred.

^(b) Total costs include US\$2,256 million (2015: US\$4,603 million; 2014: US\$6,387 million) capitalised during the year.

^(c) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

Results of operations from oil and gas producing activities

The following information is similar to the disclosures in note 1 Segment reporting of the BHP Billiton Group Financial Statements, but differs in several respects as to the level of detail and geographic information. Amounts shown in the following table exclude financial income, financial expenses, and general corporate overheads.

Income taxes were determined by applying the applicable statutory rates to pre-tax income with adjustments for permanent differences and tax credits.

	Australia US\$M	United States US\$M	Other ^(g) US\$M	Total US\$M
2016				
Oil and gas revenue ^(a)	2,777	3,487	321	6,585
Production costs	(605)	(1,705)	(162)	(2,472)
Exploration expenses	(44)	(128)	(124)	(296)
Depreciation, depletion, amortisation and valuation provision ^(b)	(720)	(10,569)	(90)	(11,379)
Production taxes ^(c)	(132)	(13)	(2)	(147)
	1,276	(8,928)	(57)	(7,709)
Accretion expense ^(d)	(54)	(23)	(7)	(84)
Income taxes	(465)	3,047	(143)	2,439
Royalty-related taxes ^(e)	(206)		(4)	(210)
Results of oil and gas producing activities ^(f)	551	(5,904)	(211)	(5,564)
2015				
Oil and gas revenue ^(a)	4,184	6,334	661	11,179
Production costs	(662)	(2,220)	(168)	(3,050)
Exploration expenses	(124)	(242)	(241)	(607)
Depreciation, depletion, amortisation and valuation provision ^(b)	(651)	(6,597)	(170)	(7,418)
Production taxes ^(c)	(232)		(8)	(240)
	2,515	(2,725)	74	(136)
Accretion expense ^(d)	(63)	(24)	(8)	(95)
Income taxes	(608)	1,080	(146)	326
Royalty-related taxes ^(e)	(388)		4	(384)
Results of oil and gas producing activities ^(f)	1,456	(1,669)	(76)	(289)
2014				
Oil and gas revenue ^(a)	5,722	7,517	1,045	14,284
Production costs	(740)	(2,129)	(246)	(3,115)
Exploration expenses	(157)	(233)	(99)	(489)
Depreciation, depletion, amortisation and valuation provision ^(b)	(617)	(3,465)	(172)	(4,254)
Production taxes ^(c)	(340)		(29)	(369)

	3,868	1,690	499	6,057
Accretion expense ^(d)	(71)	(26)	(14)	(111)
Income taxes	(1,025)	(353)	(413)	(1,791)
Royalty-related taxes ^(e)	(662)		8	(654)
Results of oil and gas producing activities ^(f)	2,110	1,311	80	3,501

(a) Includes sales to affiliated companies of US\$118 million (2015: US\$267 million; 2014: US\$262 million).

F-101

- (b) Includes valuation provision of US\$7,232 million (2015: US\$2,681 million; 2014: US\$309 million).
- (c) Includes royalties and excise duty.
- (d) Represents the unwinding of the discount on the closure and rehabilitation provision. Comparative information has been restated to include the accretion in the results of operations from oil and gas producing activities.
- (e) Includes petroleum resource rent tax and petroleum revenue tax where applicable.
- (f) Amounts shown exclude financial income, financial expenses and general corporate overheads and, accordingly, do not represent all of the operations attributable to the Petroleum segment presented in note 1 Segment reporting of the BHP Billiton Group Financial Statements.
- (g) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

Standardised measure of discounted future net cash flows relating to proved oil and gas reserves (Standardised measure)

The purpose of this disclosure is to provide data with respect to the estimated future net cash flows from future production of proved developed and undeveloped reserves of crude oil, condensate, natural gas liquids and natural gas.

The Standardised measure is based on the Group's estimated proved reserves (as presented in section 6.3.1 Petroleum reserves) and this data should be read in conjunction with that disclosure, which is hereby incorporated by reference into this section. The Standardised measure is prepared on a basis which presumes that year-end economic and operating conditions will continue over the periods in which year-end proved reserves would be produced. The effects of future inflation, future changes in exchange rates, expected future changes in technology, taxes, operating practices and any regulatory changes have not been included.

The Standardised measure is prepared by projecting the estimated future annual production of proved reserves owned at period-end and pricing that future production to derive future cash inflows. Estimates of future cash flows for 2016, 2015 and 2014 are computed using the average first-day-of-the-month price during the 12-month period. Future price increases for all periods presented are considered only to the extent that they are provided by fixed and determinable contractual arrangements in effect at year-end and are not dependent upon future inflation or exchange rate changes.

Future cash inflows for all periods presented are then reduced by future costs of producing and developing the year-end proved reserves based on costs in effect at year-end without regard to future inflation or changes in technology or operating practices. Future development costs include the costs of drilling and equipping development wells and construction of platforms and production facilities to gain access to proved reserves owned at year-end. They also include future costs, net of residual salvage value, associated with the abandonment of wells, dismantling of production platforms and rehabilitation of drilling sites. Future cash inflows are further reduced by future income taxes based on tax rates in effect at year-end and after considering the future deductions and credits applicable to proved properties owned at year-end. The resultant annual future net cash flows (after deductions of operating costs including resource rent taxes, development costs and income taxes) are discounted at 10 per cent per annum to derive the Standardised measure.

F-102

There are many important variables, assumptions and imprecisions inherent in developing the Standardised measure, the most important of which are the level of proved reserves and the rate of production thereof. The Standardised measure is not an estimate of the fair market value of the Group's oil and gas reserves. An estimate of fair value would also take into account, among other things, the expected recovery of reserves in excess of proved reserves, anticipated future changes in prices, costs and exchange rates, anticipated future changes in secondary tax and income tax rates and alternative discount factors representing the time value of money and adjustments for risks inherent in producing oil and gas.

	Australia US\$M	United States US\$M	Other ^(a) US\$M	Total US\$M
Standardised measure				
2016				
Future cash inflows	21,902	13,088	2,026	37,016
Future production costs	(7,306)	(6,514)	(567)	(14,387)
Future development costs	(3,431)	(3,063)	(282)	(6,776)
Future income taxes	(3,082)	800	(668)	(2,950)
Future net cash flows	8,083	4,311	509	12,903
Discount at 10 per cent per annum	(2,961)	(834)	(121)	(3,916)
Standardised measure	5,122	3,477	388	8,987
2015				
Future cash inflows	35,660	39,088	2,668	77,416
Future production costs	(9,617)	(15,303)	(526)	(25,446)
Future development costs	(5,952)	(7,694)	(413)	(14,059)
Future income taxes	(7,879)	(3,009)	(959)	(11,847)
Future net cash flows	12,212	13,082	770	26,064
Discount at 10 per cent per annum	(4,236)	(4,384)	(200)	(8,820)
Standardised measure	7,976	8,698	570	17,244
2014				
Future cash inflows	47,633	70,958	3,820	122,411
Future production costs	(11,355)	(19,732)	(717)	(31,804)
Future development costs	(5,772)	(12,953)	(516)	(19,241)
Future income taxes	(12,240)	(10,527)	(1,394)	(24,161)
Future net cash flows	18,266	27,746	1,193	47,205
Discount at 10 per cent per annum	(6,880)	(10,866)	(295)	(18,041)
Standardised measure	11,386	16,880	898	29,164

^(a) Other is primarily comprised of Algeria, Pakistan (divested 31 December 2015), Trinidad and Tobago and the United Kingdom.

Changes in the Standardised measure are presented in the following table. The beginning of the year and end of the year totals are shown after reduction for income taxes and these, together with the changes in income tax amounts, are shown as discounted amounts (at 10 per cent per annum). All other items of change represent discounted amounts before consideration of income tax effects.

F-103

Standardised measure of discounted future net cash flows relating to proved oil and gas reserves (Standardised measure) continued

	2016 US\$M	2015 US\$M	2014 US\$M
Changes in the Standardised measure			
Standardised measure at the beginning of the year	17,244	29,164	28,773
Revisions:			
Prices, net of production costs	(14,146)	(15,186)	4,366
Changes in future development costs	1,342	3	(841)
Revisions of quantity estimates ^(a)	(2,870)	(5,996)	(3,871)
Accretion of discount	2,547	4,438	4,564
Changes in production timing and other	1,280	761	(1,170)
	5,397	13,184	31,821
Sales of oil and gas, net of production costs	(3,936)	(7,889)	(10,800)
Acquisitions of reserves-in-place			
Sales of reserves-in-place	(114)	(83)	(107)
Previously estimated development costs incurred	1,823	3,169	2,683
Extensions, discoveries, and improved recoveries, net of future costs	84	1,877	3,946
Changes in future income taxes	5,733	6,986	1,621
Standardised measure at the end of the year	8,987	17,244	29,164

^(a) Changes in reserves quantities are shown in the Petroleum reserves tables in section 6.3.1.

Accounting for suspended exploratory well costs

Refer to note 10 Property, plant and equipment of the BHP Billiton Group Financial Statements for a discussion of the accounting policy applied to the cost of exploratory wells. Suspended wells are also reviewed in this context.

The following table provides the changes to capitalised exploratory well costs that were pending the determination of proved reserves for the three years ended 30 June 2016, 30 June 2015 and 30 June 2014.

	2016 US\$M	2015 US\$M	2014 US\$M
Movement in capitalised exploratory well costs			
At the beginning of the year	484	388	603
Additions to capitalised exploratory well costs pending the determination of proved reserves	304	121	28
Capitalised exploratory well costs charged to expense	(18)	(21)	(194)
Capitalised exploratory well costs reclassified to wells, equipment, and facilities based on the determination of proved reserves		(4)	(48)
Other			(1)

At the end of the year	770	484	388
-------------------------------	------------	------------	------------

F-104

The following table provides an ageing of capitalised exploratory well costs, based on the date the drilling was completed, and the number of projects for which exploratory well costs has been capitalised for a period greater than one year since the completion of drilling.

	2016 US\$M	2015 US\$M	2014 US\$M
Ageing of capitalised exploratory well costs			
Exploratory well costs capitalised for a period of one year or less	262	44	31
Exploratory well costs capitalised for a period greater than one year	508	440	357
At the end of the year	770	484	388
	2016	2015	2014
Number of projects that have been capitalised for a period greater than one year	23	14	17

Drilling and other exploratory and development activities

The number of crude oil and natural gas wells drilled and completed for each of the last three years was as follows:

	Net exploratory wells		Net development wells				
	Productive	Dry	Total	Productive	Dry	Total	Total
Year ended 30 June 2016							
Australia				2		2	2
United States	1		1	137	2	139	140
Other ^(a)				1		1	1
Total	1		1	140	2	142	143
Year ended 30 June 2015							
Australia				3		3	3
United States				304	1	305	305
Other ^(a)							
Total				307	1	308	308
Year ended 30 June 2014							
Australia	1	2	3	3		3	6
United States		2	2	401	15	416	418
Other ^(a)				1		1	1
Total	1	4	5	405	15	420	425

(a) Other is primarily comprised of Algeria and Trinidad and Tobago.

The number of wells drilled refers to the number of wells completed at any time during the respective year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for production of oil or gas, or, in the case of a dry well, to reporting to the appropriate authority that the well has been abandoned.

An exploratory well is a well drilled to find oil or gas in a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. A development well is a well drilled within the limits of a known oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

F-105

A productive well is an exploratory, development or extension well that is not a dry well. Productive wells include wells in which hydrocarbons were encountered and the drilling or completion of which, in the case of exploratory wells, has been suspended pending further drilling or evaluation. A dry well (hole) is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

Oil and gas properties, wells, operations, and acreage

The following tables show the number of gross and net productive crude oil and natural gas wells and total gross and net developed and undeveloped oil and natural gas acreage as at 30 June 2016. A gross well or acre is one in which a working interest is owned, while a net well or acre exists when the sum of fractional working interests owned in gross wells or acres equals one. Productive wells are producing wells and wells mechanically capable of production. Developed acreage is comprised of leased acres that are within an area by or assignable to a productive well. Undeveloped acreage is comprised of leased acres on which wells have not been drilled or completed to a point that would permit the production of economic quantities of oil and gas, regardless of whether such acres contain proved reserves.

The number of productive crude oil and natural gas wells in which we held an interest at 30 June 2016 was as follows:

	Crude oil wells		Natural gas wells		Total	
	Gross	Net	Gross	Net	Gross	Net
Australia	351	177	130	48	481	225
United States	904	506	6,849	2,048	7,753	2,554
Other ^(a)	56	23	36	7	92	30
Total	1,311	706	7,015	2,103	8,326	2,809

^(a) Other is primarily comprised of Algeria and Trinidad and Tobago.

Of the productive crude oil and natural gas wells, 33 (net: 13) operated wells had multiple completions.

Developed and undeveloped acreage (including both leases and concessions) held at 30 June 2016 was as follows:

Thousands of acres	Developed acreage		Undeveloped acreage	
	Gross	Net	Gross	Net
Australia	2,151	823	8,591	4,954
United States	1,172	669	1,454	1,125
Other ^{(a) (b)}	175	64	3,848	2,941
Total ^(b)	3,498	1,556	13,893	9,020

^(a) BHP Billiton and Eni are pursuing a 10-year Production Sharing Contract (PSC) extension with Sonatrach in Algeria which is subject to regulatory approval. Current PSC expires in 2016.

(b) Undeveloped acreage primarily consists of acreage in Brazil, Trinidad and Tobago and South Africa. Approximately 180 thousand gross acres (83 thousand net acres), 783 thousand gross acres (399 thousand net acres) and 7,896 thousand gross acres (4,850 thousand net acres) of undeveloped acreage will expire in the years ending 30 June 2017, 2018 and 2019 respectively, if the Company does not establish production or take any other action to extend the terms of the licences and concession.

F-106

ITEM 19. Exhibits

Exhibit 1 Constitution

- 1.1 Constitution of BHP Billiton Limited, incorporating the amendments approved by shareholders at the 2015 Annual General Meeting of BHP Billiton Limited on 19 November 2015 ⁽⁵⁾
- 1.2 Memorandum and Articles of Association of BHP Billiton Plc, incorporating the amendments approved by shareholders at the 2015 Annual General Meeting of BHP Billiton Plc on 22 October 2015 ⁽⁵⁾

Exhibit 4 Material Contracts

- 4.1 DLC Structure Sharing Agreement, dated 29 June 2001, between BHP Limited and Billiton Plc incorporating the amendments approved by shareholders at the 2015 Annual General Meeting of BHP Billiton Limited on 19 November 2015 and the Annual General Meeting of BHP Billiton Plc on 22 October 2015. ⁽⁵⁾
- 4.2 SVC Special Voting Shares Deed, dated 29 June 2001, among BHP Limited, BHP SVC Pty Limited, Billiton Plc, Billiton SVC Limited and The Law Debenture Trust Corporation p.l.c. ⁽¹⁾
- 4.3 SVC Special Voting Shares Amendment Deed, dated 13 August 2001, among BHP Limited, BHP SVC Pty Limited, Billiton Plc, Billiton SVC Limited and The Law Debenture Trust Corporation p.l.c. ⁽¹⁾
- 4.4 Deed Poll Guarantee, dated 29 June 2001, of BHP Limited ⁽¹⁾
- 4.5 Deed Poll Guarantee, dated 29 June 2001, of Billiton Plc ⁽¹⁾
- 4.6 Form of Service Agreement for Specified Executive (referred to in this Annual Report as the Key Management Personnel) ⁽²⁾
- 4.7 BHP Billiton Ltd Group Incentive Scheme Rules 2004, dated August 2008 ⁽³⁾
- 4.8 BHP Billiton Ltd Long Term Incentive Plan Rules, dated November 2010 ⁽¹⁾
- 4.9 BHP Billiton Plc Group Incentive Scheme Rules 2004, dated August 2008 ⁽³⁾
- 4.10 BHP Billiton Plc Long Term Incentive Plan Rules, dated November 2010 ⁽¹⁾

4.11 Implementation Deed entered into on 17 March 2015 between BHP Billiton Ltd, BHP Billiton Plc and South32 Limited ⁽⁴⁾

4.12 Framework Agreement entered into on 2 March 2016 between Samarco Mineração S.A., Vale S.A. and BHP Billiton Brasil Ltda., the Federal Government of Brazil, the states of Espirito Santo and Minas Gerais and certain other public authorities in Brazil. ⁽⁵⁾

Exhibit 8 List of Subsidiaries

8.1 List of subsidiaries of BHP Billiton Limited and BHP Billiton Plc ⁽⁵⁾

Exhibit 12 Certifications (section 302)

12.1 Certification by Chief Executive Officer, Mr Andrew Mackenzie, dated 19 July 2017

12.2 Certification by Chief Financial Officer, Mr Peter Beaven, dated 19 July 2017

Exhibit 13 Certifications (section 906)

13.1 Certification by Chief Executive Officer, Mr Andrew Mackenzie, dated 19 July 2017

13.2 Certification by Chief Financial Officer, Mr Peter Beaven, dated 19 July 2017

Exhibit 15 Consent of Independent Registered Public Accounting Firm

15.1 Consent of Independent Registered Public Accounting Firms KPMG and KPMG Audit Plc for incorporation by reference of audit reports in registration statements on Form F-3 and Form S-8

Exhibit 95 Mine Safety Health Administration

95.1 Disclosure of Mine Safety and Health Administration (MSHA) Safety Data^(a)

Footnotes

- (1) Previously filed as an exhibit to BHP Billiton's annual report on Form 20-F for the year ended 30 June 2001 on 19 November 2001.
- (2) Previously filed as an exhibit to BHP Billiton's annual report on Form 20-F for the year ended 30 June 2013 on 25 September 2013.
- (3) Previously filed as an exhibit to BHP Billiton's annual report on Form 20-F for the year ended 30 June 2008 on 15 September 2008.
- (4) Previously filed as an exhibit to BHP Billiton's annual report on Form 20-F for the year ended 30 June 2015 on 23 September 2015.
- (5) Previously filed as an exhibit to BHP Billiton's annual report on Form 20-F for the year ended 30 June 2016 on 21 September 2016.

SIGNATURE

The registrants hereby certify that they meet all of the requirements for filing on Form 20-F/A and that they have duly caused and authorised the undersigned to sign this Amendment No. 1 to the Annual Report on their behalf.

BHP Billiton Limited

BHP Billiton Plc

/s/ Peter Beaven

Peter Beaven

Chief Financial Officer

Date: 19 July 2017