

9 September 2013

The Manager-Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir or Madam

Brambles Notice of Annual General Meeting 2013 and Annual Report 2013

Attached is the Brambles Limited Notice of Annual General Meeting 2013. The Annual General Meeting will be held on Tuesday, 22 October 2013 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000, commencing at 2.00pm.

Also attached are the following documents which will be sent to ordinary shareholders on 9 September 2013:

- Shareholder voting form;
- Shareholder questions form; and
- Brambles Limited Annual Report 2013.

The attached Brambles Limited Annual Report 2013 is being treated as having been lodged with the Australian Securities & Investments Commission.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

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Brambles

Notice of Annual General Meeting 2013



www.brambles.com

Brambles Limited is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. Brambles is listed on the Australian Securities Exchange (ASX) and has its headquarters in Sydney, Australia. The Group specialises in the provision of Pooling Solutions and associated services, focussing on the outsourced management of returnable pallets, crates and containers. It has three Pooling Solutions segments: Pallets, Reusable Plastic Crates (RPCs) and Containers. In addition, Brambles owns the information management solutions business, Recall.

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2013 Annual Report

The Annual Report is available by visiting our website www.brambles.com or you may elect to have a printed copy mailed to you by emailing info@brambles.com

Brambles Limited
ABN 89 118 896 021

LETTER FROM THE CHAIRMAN



Graham Kraehe AO
Chairman

9 September 2013

Dear fellow Shareholder,

The 2013 financial year was significant in the 138-year history of Brambles. Not only did we deliver another solid set of financial results while continuing to invest substantially for the long term, we also took a series of important steps toward becoming a more focused organisation.

We are committed to creating value for all of our stakeholders, continuing to enhance our position as the world's leading supply chain equipment Pooling Solutions company and delivering our strategy to grow profitably and deliver superior results for shareholders over the long term. In the five years ended 30 June 2013, Brambles' total shareholder return¹ was 47%, compared with 21% for Australia's benchmark S&P/ASX200 Index.

We are also committed to delivering results year on year. In the year ended 30 June 2013 (FY13), Brambles' total shareholder return was 57%, compared with 46% for the S&P/ASX200. In FY13, in constant currency terms compared with FY12, sales revenue was up 6% and operating profit was up 10%, and we declared dividends of 27.0 Australian cents per share, up 1.0 Australian cent per share.

We believe our decision to demerge our information management business, Recall, as a separate company on the Australian Securities Exchange will enhance our focus on our core business activities. While Recall had a challenging FY13, the demerger - which we expect to complete in December pending shareholder and relevant court and regulatory approvals - will enable both Recall to concentrate on its business and Brambles to concentrate on its Pooling Solutions strategy.

Brambles expects to hold a shareholder meeting in early December to enable you to vote on the demerger, so the demerger will not be considered at this year's Annual General Meeting although I will, of course, answer any questions shareholders may have on the subject. More detail about Recall's strategy and outlook will be provided in the demerger scheme book, which we expect to send to shareholders in late October 2013.

Enclosed is the Notice of Brambles' 2013 Annual General Meeting, which will be held at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 on Tuesday, 22 October 2013, commencing at 2.00 pm (AEDT).

The items of business in the Notice will be familiar to you: the re-election of Directors and the motion to adopt the Remuneration Report. Full details of these proposals are set out in the Explanatory Notes to this Notice.

¹Total shareholder return reflects share price movements and reinvestment of dividends over a specified performance period. Bloomberg data are used for the purposes of comparison.

LETTER FROM THE CHAIRMAN - CONTINUED

Also enclosed is a shareholder question form designed to give shareholders an opportunity to raise questions ahead of the Annual General Meeting, if they wish to do so. These questions may either be directed to Brambles or, if they relate to the content of the Auditors' Report or conduct of the audit, to Brambles' auditors PricewaterhouseCoopers. I will endeavour to answer the most commonly asked questions at the meeting.

Shareholders who cannot attend the meeting in person have the choice of casting "direct votes" or appointing a proxy to cast their votes. I encourage you to cast your direct vote or register your proxy appointment using the website of our share registry, Link Market Services, at www.linkmarketservices.com.au. Alternatively, please complete and mail the enclosed shareholder voting form in the reply paid envelope provided, or return it to the share registry by fax.

Brambles' Directors believe the proposals set out in the Notice and described in the Explanatory Notes are in the best interests of Brambles and unanimously recommend you vote in favour of the resolutions.

Under Australian company law, Key Management Personnel are prohibited from voting their personal interests on Resolution 2 to adopt the Remuneration Report. Directors intend to cast the votes arising from their own beneficial shareholdings in favour of the other resolutions.

If I or any of my fellow Directors are appointed as a proxy we will, of course, vote in accordance with any instruction given to us. If you wish to appoint a Director (other than myself) or other member of Brambles' Key Management Personnel or their closely related parties as your proxy, you must specify how they should vote on Resolution 2 by completing the "For", "Against" or "Abstain" boxes on the shareholder voting form. If you do not do that, your proxy will not be able to exercise your vote on your behalf for those resolutions.

If you appoint me as your proxy in accordance with Step 1b of the shareholder voting form, but do not direct me how to vote on Resolutions 3, 4 and 5, I will vote in favour of each of those resolutions.

If you appoint me as your proxy in relation to Resolution 2, but do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution on the shareholder voting form, the proxy form provides that you expressly authorise me to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Brambles Key Management Personnel. I intend to vote undirected proxies in favour of Resolution 2. If you wish to appoint me as proxy with a direction to vote against, or to abstain from voting on Resolution 2, you should specify this by completing the "Against" or "Abstain" boxes on the shareholder voting form.

If you plan to attend the Annual General Meeting in person, please bring the enclosed shareholder voting form to facilitate your registration. As in previous years, voting at the meeting will be conducted via a poll. Shareholders are invited to join the Board for afternoon tea at the conclusion of the Annual General Meeting. I look forward to seeing as many of you as possible on the day.

Yours sincerely



GRAHAM KRAEHE AO
CHAIRMAN

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2013 Annual General Meeting of the shareholders of Brambles Limited will be held at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 on Tuesday, 22 October 2013, commencing at 2.00 pm Australian Eastern Daylight Savings Time (AEDT) for the purpose of transacting the items of business set out below. Registration will open at 1.00 pm (AEDT).

In this Notice and Explanatory Notes, **Brambles**, or the **Company**, refers to Brambles Limited, and **Group** refers to Brambles Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

ITEMS OF BUSINESS

FINANCIAL STATEMENTS

1. To consider and receive the Financial Report, Directors' Report and Auditors' Report for Brambles and the Group for the year ended 30 June 2013.

Shareholders will be asked to consider and, if thought fit, to pass the resolutions below, all of which will be proposed as ordinary resolutions.

REMUNERATION REPORT

2. "To adopt the Remuneration Report for Brambles and the Group for the year ended 30 June 2013."

Please refer to the instructions in the How to Vote section of this Notice on pages 6 to 8 for details of how to appoint a proxy for this resolution.

RE-ELECTION OF DIRECTOR

The following Directors are to retire by rotation and, being eligible, submit themselves for re-election as a Director of Brambles.

3. "That Mr Anthony Grant Froggatt be re-elected to the Board of Brambles."
4. "That Mr David Peter Gosnell be re-elected to the Board of Brambles."

5. "That Mr Christopher Luke Mayhew be re-elected to the Board of Brambles."

Please refer to the instructions in the How to Vote section of this Notice on pages 6 to 8 for details of how to appoint a proxy for these resolutions.

There are also restrictions on Brambles' Directors and key management personnel² voting on resolution 2 under the Corporations Act 2001 (Cth). These are explained in the How to Vote section of this Notice on pages 6 to 8.

By order of the Board
Brambles Limited

Registered Office
Level 40, Gateway
1 Macquarie Place
Sydney NSW 2000

Robert Gerrard
GROUP COMPANY SECRETARY
9 September 2013

² Brambles defines key management personnel as Non-executive Directors; Executive Directors; and other Group executives who for some or all of the year ending 30 June 2013, were members of the Executive Leadership Team of Brambles.

NOTICE OF MEETING - EXPLANATORY NOTES

Explanatory Notes on the items of business to be considered at the meeting follow.

ITEM 1

FINANCIAL STATEMENTS

The law requires Directors to lay the Financial Report, Directors' Report and Auditors' Report for the last financial year before the Annual General Meeting (AGM) of shareholders. The 2013 Brambles Annual Report has been posted on the Brambles website at www.brambles.com/investor-centre/results-centre. Shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the 2013 Annual Report or about the management of Brambles generally.

ITEM 2

REMUNERATION REPORT

Section 250R(2) of the Corporations Act 2001 (Cth) (the Act) requires a resolution that the Remuneration Report be adopted be put to the vote at a listed company's annual general meeting. The vote is advisory only and does not bind the Directors or Brambles.

The Remuneration Report, which forms part of the Directors' Report, is set out on pages 32 to 49 of the 2013 Annual Report, which has been posted on the Brambles website. The Remuneration Report sets out Brambles' remuneration policy and reports the remuneration arrangements in place for Executive Directors, Non-executive Directors and certain senior executives whose remuneration arrangements are required to be disclosed.

Shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Noting that each Director has a personal interest in their own remuneration from Brambles, as described in the Remuneration Report, the Board unanimously recommends the adoption of the Remuneration Report.

ITEM 3

ELECTION OF DIRECTOR

Tony retires by rotation and offers himself for re-election. The Board carried out a review of Tony's performance as a Director of Brambles and, as a result of that review, unanimously recommends his proposed re-election. Tony is considered by the Board to be independent in character and judgement and free from any business or other relationship which could interfere, or appear to interfere, with the exercise of his objective, unfettered or independent judgement. Pages 20 and 21 of the Annual Report contain further information on the independence of Directors.

Tony's brief biographical details follow:



TONY FROGGATT
INDEPENDENT NON-
EXECUTIVE DIRECTOR

*Member of Remuneration
Committee and Nominations
Committee*

Joined Brambles as a Non-executive Director in June 2006. He is a Non-executive Director of Billabong International and Coca-Cola Amatil. Previously, Tony was a Non-executive Director of AXA Asia Pacific Holdings and was Chief Executive Officer of Scottish & Newcastle PLC from May 2003 to October 2007. He began his career with the Gillette Company and has held a wide range of sales, marketing and general management positions in many countries with major consumer goods companies including HJ Heinz, Diageo and Seagram. He holds a Bachelor of Law degree from Queen Mary College, London and a Master of Business Administration degree from Columbia Business School, New York. Age: 65.

NOTICE OF MEETING - EXPLANATORY NOTES- CONTINUED

ITEM 4

ELECTION OF DIRECTOR

David retires by rotation and offers himself for re-election. The Board carried out a review of David's performance as a Director of Brambles and, as a result of that review, unanimously recommends his proposed re-election. David is considered by the Board to be independent in character and judgement and free from any business or other relationship which could interfere, or appear to interfere, with the exercise of his objective, unfettered or independent judgement. Pages 20 and 21 of the Annual Report contain further information on the independence of Directors.

David's brief biographical details follow:



DAVID GOSNELL
INDEPENDENT NON-
EXECUTIVE DIRECTOR
Member of the Audit Committee

Re-joined Brambles as a Non-executive Director in December 2011. He is President of Global Supply & Procurement for Diageo plc, leading a global team of 9,000 people across manufacturing, logistics and technical operations as well as managing Diageo's multi-billion sterling procurement budget. David was a Non-executive Director of Brambles from June 2006 until March 2010, when he retired due to his other commitments at that time. Prior to joining Diageo, David spent 20 years at HJ Heinz, where he served on the UK board and held various European operational positions. He holds a Bachelor of Science degree in Electrical & Electronic Engineering from Middlesex University, England. Age: 56.

ITEM 5

ELECTION OF DIRECTOR

Luke retires by rotation and offers himself for re-election. The Board carried out a review of Luke's performance as a Director of Brambles and, as a result of that review, unanimously recommends his proposed re-election. Luke is considered by the Board to be independent in character and judgement and free from any business or other relationship which could interfere, or appear to interfere, with the exercise of his objective, unfettered or independent judgement. Pages 20 and 21 of the Annual Report contain further information on the independence of Directors.

Luke's brief biographical details follow:



LUKE MAYHEW
INDEPENDENT NON-
EXECUTIVE DIRECTOR
*Chairman of the Remuneration
Committee*

Joined Brambles as a Non-executive Director in August 2005. Luke is a Non-executive Director and Chairman of the Remuneration Committee of InterContinental Hotels Group. He was a Non-executive Director of WH Smith until August 2010, Chairman of Pets at Home Group Limited until March 2010 and Chairman of the British Retail Consortium between 2009 and 2011. Luke was a director of John Lewis Partnership from 1992 to 2004. He previously held senior positions at Thomas Cook, British Airways and Shandwick. He has a Bachelor of Arts (Honours) degree from Oxford University and a Master of Economics degree from the University of London. He is a Trustee of BBC Children in Need. Age: 60.

HOW TO VOTE

VOTING METHODS

Ordinary shareholders can vote in one of the following ways:

- by attending the meeting and voting, either in person, by attorney or, in the case of corporate shareholders, by corporate representative;
- by lodging a direct vote, either electronically by visiting www.linkmarketservices.com.au or by using the shareholder voting form enclosed with this Notice; or
- by appointing a proxy to attend and vote at the meeting on their behalf, either electronically by visiting www.linkmarketservices.com.au or by using the shareholder voting form enclosed with this Notice.

Voting on the items set out in this Notice will be conducted on a poll.

VOTING DEADLINE

Shareholders who wish to lodge a direct vote or appoint a proxy to attend and vote at the meeting on their behalf, must either:

- complete their electronic instructions on www.linkmarketservices.com.au; or
- complete and return their shareholder voting forms to:
 - Brambles' share registry, either by hand to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or by using the enclosed reply paid pre-addressed envelope;
 - the facsimile number +61 (0)2 9287 0309.

so that they are received by 2.00 pm (AEDT) on Sunday, 20 October 2013 or, if the meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting. Shareholder voting forms received after this time will be invalid.

VOTING IN PERSON

Shareholders who plan to attend the meeting are asked to arrive at the venue by 1.00 pm if possible, so that their shareholding may be checked against the share register and attendance noted. Shareholders attending in person must register their attendance on arrival.

Where more than one joint shareholder votes, the vote of the shareholder whose name appears first in Brambles' share register shall be accepted to the exclusion of the others.

To vote in person at the meeting, a company which is a shareholder may appoint an individual to act as its representative. The representative should bring to the meeting a letter or certificate evidencing their appointment. A form of certificate may be obtained from Brambles' share registry at www.linkmarketservices.com.au (see the "Investor Services", "Forms" section - under the "General" heading), by calling +61 1300 883 073 or from Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

DIRECT VOTING

The Directors have established an online and postal voting system which gives shareholders the choice of casting "direct votes" in advance of the AGM, as an alternative to appointing a proxy to cast their votes.

To lodge direct votes, shareholders should either:

- visit www.linkmarketservices.com.au, go to the "Vote Online" section and follow the prompts and instructions (shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) to hand); or
- follow the instructions and notes on the shareholder voting form enclosed with this Notice.

For direct votes to be effective, they must be lodged as specified in the Voting Deadline section on page 6.

HOW TO VOTE- CONTINUED

If a shareholder is entitled to cast two or more votes at the meeting, the shareholder may specify the proportion or number of direct votes that they wish to cast “For”, “Against” or specify that they will “Abstain” from voting on an item. Fractions of votes will be disregarded.

If a shareholder specifies that they will “Abstain” from voting on an item, the shares that are the subject of the direct vote will not be counted in calculating the required majority. The Brambles Limited Rules for Direct Voting at General Meetings are available at www.brambles.com in the “Investor Centre”, “Annual General Meetings” section.

PROXY VOTING

To appoint a proxy, shareholders should either:

- visit www.linkmarketservices.com.au, go to the “Vote Online” section and follow the prompts and instructions (shareholders will need their SRN or HIN to hand); or
- follow the instructions and notes on the shareholder voting form enclosed with this Notice.

For proxy appointments to be effective, they must be lodged as specified in the Voting Deadline section on page 6.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder’s behalf, and on a poll, the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. If a shareholder is entitled to cast two or more votes at the meeting, the shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no such proportion or number is specified, each proxy may exercise half of the shareholder’s votes. Fractions of votes will be disregarded. If a member appoints two proxies, neither proxy is entitled to vote on a show of hands.

The online proxy facility is not suitable for shareholders wishing to appoint two proxies.

A proxy need not be a shareholder.

The Act provides the following for the processing of proxy votes :

DIRECTED PROXY VOTES

If you appoint someone other than the Chairman of the meeting as your proxy and give them voting instructions, the Act provides that the Chairman of the meeting must cast those proxy votes on your behalf if your nominated proxy does not do so.

UNDIRECTED PROXY VOTES

Shareholders are encouraged to consider how they wish to direct their proxies to vote. Other than members of Brambles’ key management personnel or their closely related parties voting as a proxy on resolution 2, if a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

If you wish to appoint a Director (other than the Chairman) or other member of Brambles’ key management personnel or their closely related parties as your proxy, you must specify how they should vote on resolution 2 by completing the “For”, “Against” or “Abstain” boxes on the shareholder voting form. If you do not do that, your proxy will not be able to exercise your vote on your behalf for those resolutions.

The Chairman will be able to exercise your vote on your behalf on resolutions 3, 4 and 5 as he sees fit, if you appoint the Chairman as your proxy in accordance with Step 1b of the shareholder voting form, but do not direct him how to vote (in which case the Chairman will vote in favour of each of those items).

If you appoint the Chairman as your proxy in relation to resolution 2, but do not complete any of the boxes “For”, “Against” or “Abstain” opposite that resolution on the shareholder voting form, the proxy form provides that you expressly authorise the Chairman of the

HOW TO VOTE - CONTINUED

meeting to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Brambles key management personnel. The Chairman intends to vote undirected proxies in favour of resolution 2. If you wish to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on resolution 2, you should specify this by completing the “Against” or “Abstain” boxes on the shareholder voting form.

USING POWERS OF ATTORNEY

If a shareholder has appointed one or more attorneys to attend and vote at the meeting, or if the shareholder voting form is signed by one or more attorneys, the power of attorney (or a certified copy of the power of attorney) must be received by Brambles' share registry or at Brambles' registered office, using one of the addresses or the fax number in the Voting Deadline section above by no later than 2.00 pm (AEDT) on Sunday, 20 October 2013 or, if the meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting, unless the power of attorney has been previously lodged

for notation with Brambles' share registry. The attorney(s) must declare that a notice of revocation of appointment has not been received.

REVOCATIONS OF PROXIES

Any revocations of proxies (including online proxies) or powers of attorney must be received by Brambles' share registry or at Brambles' registered office, using one of the addresses or the fax number in the Voting Deadline section on page 6, before the commencement of the meeting, or at the registration desk for the 2013 AGM at the Wesley Conference Centre from 1.00 pm (AEDT) on the day of the meeting until the commencement of the meeting.

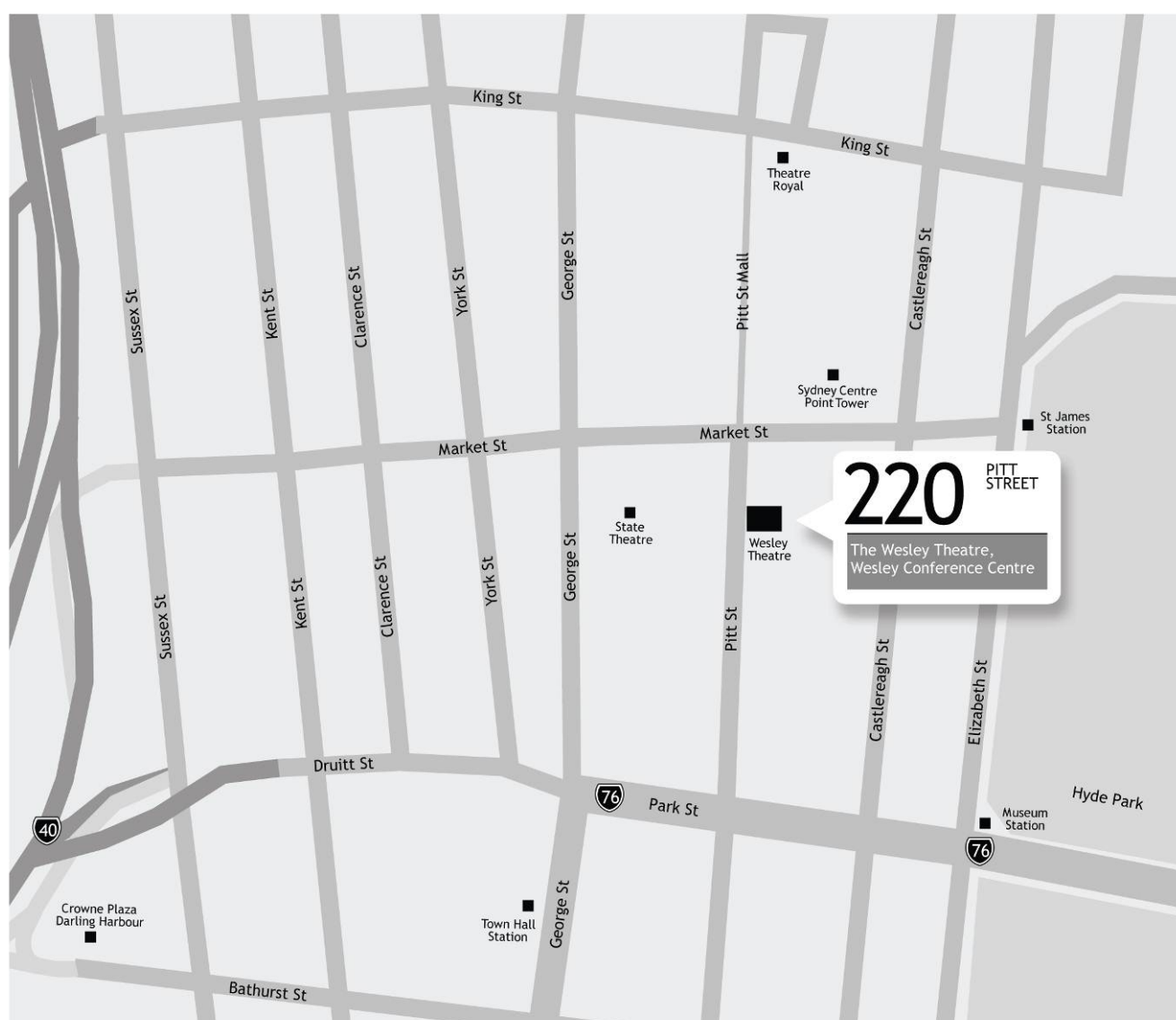
SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the holders of Brambles ordinary shares for the purposes of the meeting will be those registered holders of Brambles ordinary shares at 7.00 pm (AEDT) on Sunday, 20 October 2013.

**THE WESLEY THEATRE, WESLEY CONFERENCE CENTRE,
220 PITT STREET, SYDNEY NSW 2000 ON
22 OCTOBER 2013 AT 2.00 PM (AEDT).**

Wesley Conference Centre is centrally located in Sydney, within easy walking distance of Town Hall, St James or Museum Stations.

If you have any questions about the location of the AGM please call Brambles Limited on +61 1300 883 073 (during business hours).



CONTACT INFORMATION

REGISTERED OFFICE

Brambles global headquarters is at its registered office in Sydney, Australia:

Level 40, Gateway Building
1 Macquarie Place
Sydney NSW 2000
Australia
ACN 118 896 021

Telephone: +61 (0) 2 9256 5222
Facsimile: +61 (0) 2 9256 5299
Email: info@brambles.com
Website: www.brambles.com

Investor & Analyst Queries

Telephone: +61 (0) 2 9256 5238
Email: investorrelations@brambles.com

SHARE REGISTRY

Online access to shareholding information is available to investors through the Link Market Services website.

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000, Australia
Locked Bag A14, Sydney South NSW 1235, Australia

Telephone: 1300 883 073
Facsimile: +61 (0) 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

SHARE RIGHTS REGISTRY

Employees or former employees of Brambles who have queries about the following interests:

- performance share rights under the 2004 or 2006 share plans;
- matching share rights under MyShare; or
- shares acquired under MyShare or other share interests held through AET Structured Finance Services Pty Ltd, may contact:

Boardroom Pty Limited

Attention: Brambles Employee Share Plans
GPO Box 3993, Sydney NSW 2001, Australia

Telephone: 1800 180 833 (within Australia)
+61 (0) 2 9290 9600 (from outside Australia)

Facsimile: 1300 653 459 (within Australia)
+61 (0) 2 9279 0664 (from outside Australia)

Email: bramblesesp@boardroomlimited.com.au

Website: www.boardroomlimited.com.au



By mail:
Brambles Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.



All enquiries to: Telephone: +61 1300 883 073



X99999999999

SHAREHOLDER VOTING FORM

PLEASE MARK EITHER STEP 1a OR STEP 1b. I/We being a member(s) of Brambles Limited ("Brambles") and entitled to attend and vote hereby:

STEP 1a

VOTE DIRECTLY

elect to lodge my/our vote(s) directly (mark box)



in relation to the Annual General Meeting of Brambles to be held at 2:00pm AEDT on Tuesday, 22 October 2013, and at any adjournment of the meeting. You must mark either "For", "Against" or "Abstain" on each item for a valid direct vote to be recorded.

STEP 1b

APPOINT A PROXY

appoint the Chairman of the meeting (mark box)

OR

(Write here the name of the person/body corporate you are appointing if this person is someone other than the Chairman of the meeting)

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the meeting, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brambles to be held at 2:00pm AEDT on Tuesday, 22 October 2013, at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000 and at any adjournment of the meeting.

Where I/we have not marked any of the boxes in Step 2, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Brambles' key management personnel.

The Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

Voting instructions will only be valid and accepted by Brambles if they are signed and received no later than 48 hours before the meeting. Please read the explanatory notes overleaf before marking any boxes with an

STEP 2

VOTING INSTRUCTIONS

Resolution 2
Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4
To re-elect Mr David Peter Gosnell to the Board of Brambles

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3
To re-elect Mr Anthony Grant Froggatt to the Board of Brambles

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 5
To re-elect Mr Christopher Luke Mayhew to the Board of Brambles

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the "Abstain" box for a particular Item, your votes will not be counted in computing the required majority on a poll. If you complete Step 1b and mark the "Abstain" box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

Please refer overleaf for signing instructions. If this form is being signed under power of attorney, by signing this form I/we declare that I/we have not received any notice of revocation of appointment.

BXB PRX303R



HOW TO COMPLETE THIS SHAREHOLDER VOTING FORM

Your Name and Address

This is your name and address as it appears on Brambles' share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker (in which case the reference number overleaf will commence with an 'X') should advise their broker of any changes. **Please note you cannot change ownership of your shares using this form.**

Voting under Step 1a - Vote Directly

If you wish to cast a direct vote, mark the box in Step 1a. In order to cast a valid direct vote, you must provide voting instructions by placing a mark in one of the three boxes opposite each item of business in Step 2. All your shares will be voted in accordance with such instructions unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you mark more than one box on an item, your vote will be invalid, unless the marks are a percentage or number of shares. If you attempt to vote in excess of your shareholding on the share register, your vote will be invalid.

If you complete both Step 1a and Step 1b, this form will be deemed to be an appointment of a proxy. If you complete Step 2, but do not specify whether you wish to cast a direct vote or appoint a proxy by completing either Step 1a or Step 1b, this form will be deemed to be an appointment of a proxy.

The Chairman's decision as to whether a direct vote is valid is conclusive.

Voting under Step 1b - Appoint a Proxy

If you wish to appoint the Chairman of the meeting as your proxy, mark the box in Step 1b. If the person/body corporate you wish to appoint as your proxy is someone other than the Chairman of the meeting please write the name of that person in Step 1b. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy. A proxy need not be a shareholder of Brambles.

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you mark more than one box on an item your vote on that item will be invalid, unless the marks are a percentage or a number of shares. If you attempt to vote in excess of your shareholding on the share register, your vote will be invalid.

If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you wish to appoint a Director (other than the Chairman) or other member of Brambles' key management personnel or their closely related parties as your proxy, you must specify how they should vote on resolution 2, by completing the "For", "Against" or "Abstain" boxes. If you do not do that, your proxy will not be able to exercise your vote on your behalf for those resolutions. The Chairman will be able to exercise your vote on your behalf on resolutions 3, 4 and 5 as he sees fit, if you appoint the Chairman as your proxy in accordance with Step 1b, but do not direct him how to vote (in which case the Chairman will vote in favour of each of those items). If you appoint the Chairman as your proxy

in relation to resolution 2, but do not complete any of the boxes "For", "Against" or "Abstain" opposite these resolutions, you will be expressly authorising the Chairman to vote in favour of resolution 2. If you wish to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on resolution 2, you should specify this by completing the "Against" or "Abstain" boxes on the shareholder voting form.

Appointment of a Second Proxy

If you are entitled to cast two or more votes at the meeting, you may appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Shareholder Voting Form may be obtained by telephoning Brambles' share registry or you may copy this form.

To appoint a second proxy you must:

- on each of the first Shareholder Voting Form and the second Shareholder Voting Form state the percentage of your voting rights or number of shares applicable to that form (together being no more than 100% of your total shareholding). If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

Voting by Joint Shareholders

Where more than one joint shareholder votes, the vote of the shareholder whose name appears first in Brambles' share register will be accepted to the exclusion of the others.

Signing Instructions

You must sign this form as follows in the spaces provided in Step 3:

Individual: where the holding is in one name, the shareholder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under power of attorney, you must have already lodged the power of attorney with Brambles' share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Any alterations to this form should be initialled by the person(s) who signed it.

Corporate Representatives


If a representative of a corporate shareholder is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from Brambles' share registry at the address below, or at www.linkmarketservices.com.au (see the "Investor Services", "Forms" section - under the "General" heading).


Lodgement of this Shareholder Voting Form

This Shareholder Voting Form (and any power of attorney under which it is signed) must be received at an address given below, or an online lodgement must be completed, by **2:00pm AEDT on Sunday, 20 October 2013**. Any Shareholder Voting Form received after that time will not be valid for the scheduled meeting.

Shareholder Voting Forms may be lodged using the enclosed reply paid envelope (please affix a stamp if using the reply paid envelope outside of Australia) or:

 **by mail:**
Brambles Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

 **by fax:**
+61 2 9287 0309

 **by hand:**
delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

Alternatively you can vote online:

 **ONLINE** www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on this form. Select "Vote Online" and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of this form.

Link Market Services Limited (Link) advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting Link at the address or telephone number shown on this form. Link's privacy policy is available on its website (www.linkmarketservices.com.au).



By mail:
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Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 883 073

QUESTIONS FROM SHAREHOLDERS

The Annual General Meeting (AGM) of Brambles Limited will be held on **2:00pm AEDT on Tuesday, 22 October 2013** in Sydney. Shareholders are invited to register questions for the Chairman in advance if they prefer to do so, or if they are unable to attend the meeting. The Chairman will endeavour to address the most commonly asked questions and any significant matters at the AGM.

Shareholders may also submit written questions to the auditor in relation to:

- The content of the auditors' report to be considered at the AGM; or
- The conduct of the audit of the financial report to be considered at the AGM.

Please note that it will not be possible to send individual responses to questions. A webcast of the meeting will be available on www.brambles.com.

Please register your questions by:

- Completing and returning this form in the reply-paid envelope provided;
- Completing and faxing this form to +61 2 9287 0309; or
- Emailing them to Brambles at shareholderquestions@brambles.com

Please note that all shareholder questions must be received by **5:00pm AEDT on Tuesday, 15 October 2013**.

QUESTIONS

My question relates to (please mark the most appropriate box):

- | | | |
|--|---|---|
| <input type="checkbox"/> Brambles' performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Brambles' Remuneration Report | <input type="checkbox"/> Brambles' approach to sustainability | <input type="checkbox"/> Other |
| <input type="checkbox"/> My question is for the auditor (only mark this box if your question relates to the content of the auditors' report or the conduct of the audit of the financial report to be considered at the AGM) | | |

Brambles

Annual Report 2013



www.brambles.com

Brambles Limited is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. Brambles is listed on the Australian Securities Exchange (ASX) and has its headquarters in Sydney, Australia. The Group specialises in the provision of Pooling Solutions and associated services, focussing on the outsourced management of returnable pallets, crates and containers. It has three Pooling Solutions segments: Pallets, Reusable Plastic Crates (RPCs) and Containers. In addition, Brambles owns the information management solutions business, Recall.

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LETTER FROM THE CHAIRMAN & THE CEO



BRAMBLES' CEO TOM GORMAN (L) AND CHAIRMAN GRAHAM KRAEHE AO (R)

9 September 2013

The 2013 financial year was significant in the 138-year history of Brambles. Not only did we deliver another solid set of financial results while continuing to invest substantially for the long term, we also took a series of important steps toward becoming a more focused organisation.

Central to the concept of focus is the first of our shared values: "All things begin with the customer". We are proud of the progress we are making in getting closer to our customers. We will continue to strive to make Brambles the most customer-centric organisation in our industry. We have set out more detail about how our shared values drive our strategy and detailed commentary on our financial results in the Operational & Financial Review.

We are committed to creating value for all of our stakeholders, continuing to enhance our position as the world's leading supply chain equipment Pooling Solutions company and delivering our strategy to grow profitably and deliver superior returns for shareholders over the long term. In the five years ended 30 June 2013, Brambles' total shareholder return¹ was 47%, compared with 21% for Australia's benchmark S&P/ASX200 Index.

We are also committed to delivering results year on year. In the year ended 30 June 2013, Brambles' total shareholder return was 57%, compared with 46% for the S&P/ASX200. In FY13, in constant currency terms compared with FY12, sales revenue was up 6% and operating profit was up 10%, and we declared dividends of 27.0 Australian cents per share, up 1.0 Australian cent per share. (Full dividend details are on page 54).

We believe our decision to demerge our information management business, Recall, as a separate company on the Australian Securities Exchange, will enhance our ability to focus on our core business activities. While Recall had a challenging year in FY13, the demerger, expected to be completed in December pending shareholder and relevant court and regulatory approvals, will free Recall to concentrate on its business, and enable Brambles to concentrate on its Pooling Solutions strategy. More detail about Recall's strategy and outlook will be provided in the demerger scheme book, which we expect to send to shareholders in late October 2013.

STRATEGY

As we have communicated previously, we use four key themes to govern the implementation of our strategy: Diversification, Cost Leadership, Go To Market and People & Leadership. The Strategy Scorecard on pages 14 and 15 highlights our progress against all these areas during FY13, and sets out our focus areas as we look to the future. While we are proud of the achievements of recent years, we are committed to driving stronger returns for shareholders, by allocating capital to high-value growth opportunities, by delivering operational and asset efficiencies and by leveraging our global scale and network capacity.

One highlight of this progress is our continued expansion of the global Intermediate Bulk Containers (IBCs) business following the acquisition in December 2012 of Pallecon, an IBC pooling services provider with more than 30 years' operating experience. We have now merged Pallecon's operations in Europe and the Asia-Pacific with the IBC operations of CHEP and the CAPS business in North America to form CHEP Pallecon Solutions.

Elsewhere, we continued to diversify our earnings base through the strong expansion of our Reusable Plastic Crates (RPCs) operations, through growing our Pallets operations with new customers and in under-penetrated and emerging markets, and through the growth of the CHEP Aerospace Solutions operations.

We continue to innovate alongside our customers, developing and launching new and improved products and services, in particular pallets for use in promotional in-store display.

In the area of cost control, we are continuing to deliver synergies from integrating IFCO and to deliver operational efficiencies under the global Pallets structure introduced in 2011. Each of our three Pooling Solutions segments - Pallets, RPCs and Containers - now has a single leadership focus.

SAFETY & SUSTAINABILITY

Although we continue to pursue our goal of Zero Harm, tragically, two fatalities impacted Brambles during the Year. One involved a contractor who passed away as a result of a traffic incident in the IFCO Pallet Management Services operations and another involving a third-party service provider who passed away after an accident at a CHEP South Africa timber plantation.

More detail on our efforts to eliminate such tragic events, as well as broader commentary about our progress against our Zero Harm charter and broader Sustainability strategy are included in the Operational & Financial Review on pages 5 and 6.

OUTLOOK

We have entered FY14 in a strong position to continue to deliver profitable growth to our shareholders and invest in and develop our business over the long term. When we announced our FY13 results, we provided guidance for FY14 for Underlying Profit², excluding any contribution from Recall and subject to unforeseen circumstances, of US\$930 million to US\$965 million at 30 June 2013 foreign exchange rates, reflecting anticipated growth of 4% to 8% at those rates.

As we look to deliver another year of growth for shareholders, we wish to express our gratitude to our 18,000 employees worldwide, the company's management and our fellow Directors for their ongoing commitment and support.

Graham Kraehe AO
Chairman

Tom Gorman
CEO

¹Total shareholder return reflects share price movements and reinvestment of dividends over a specified performance period. Bloomberg data are used for the purposes of comparison.

²Brambles defines Underlying Profit as profit from continuing operations before finance costs, tax and Significant Items.

OPERATIONAL & FINANCIAL REVIEW

ABOUT BRAMBLES

OVERVIEW OF OPERATIONS

Brambles Limited is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. Brambles is listed on the Australian Securities Exchange (ASX) and has its headquarters in Sydney, Australia.

The Group specialises in the provision of Pooling Solutions and associated services, focussing on the outsourced management of returnable pallets, crates and containers. It has three Pooling Solutions segments: Pallets, Reusable Plastic Crates (RPCs) and Containers.

Brambles' businesses predominantly serve the consumer goods, dry grocery, fresh food, retail and general manufacturing industries. The Group has specialist businesses serving the automotive manufacturing, aerospace and refining sectors. At 30 June 2013, the Pooling Solutions operations employed more than 13,500 people and owned approximately 450 million pallets, crates and containers through a network of more than 850 service centres.

In addition, Brambles operates an information management solutions business, Recall, which provides secure management and destruction services for documents and digital media to customers in 23 countries. Recall employs more than 4,500 people and operates a network of more than 300 information centres.

On 2 July 2013, Brambles announced it intended to demerge Recall as an independent company listed on the ASX. Brambles expects to complete the demerger by the end of the 2013 calendar year.

SHARED VALUES

Brambles' shared values are a core component of the Group's culture and are as follows:

- All things begin with the customer;
- We have a passion for success;
- We are committed to safety, diversity, people and teamwork;
- We believe in a culture of innovation; and
- We always act with integrity and respect for the communities in which we operate and the environment.

OPERATING MODEL

Through its Pooling Solutions business, Brambles enhances supply chain performance for customers by helping them transport goods through their supply chains more efficiently, sustainably and safely.

Brambles provides standardised reusable pallets, crates and containers to customers from its service centres, as and when customers require. Customers use the equipment to transport goods through their supply chains, then either arrange for its return to Brambles or transfer it to another participant in the network for that participant to reuse. Brambles retains ownership of its equipment at all times, inspecting and repairing it as required to maintain consistent levels of quality.

By participating in Brambles' pooling system, customers eliminate the need to purchase and manage their own pallets, crates and/or containers and benefit from the superior scale of Brambles' network and systems, its asset management knowledge and experience and its continuous development of new and innovative solutions.

Brambles' Pooling Solutions operations predominantly generate sales revenue from the rental and other service fees that customers pay based on their usage of the Group's equipment.

SHAREHOLDER VALUE

The service and value Brambles provides through its Pooling Solutions business, the quality of the Group's customer relationships and the scale of its networks and invested capital base create the foundation of its value proposition for investors.

As a result of this value proposition, Brambles has been able to demonstrate superior rates of sales growth and delivered consistently high levels of return on capital relative to the benchmark Australian share index.¹

BUSINESS STRATEGIES & FUTURE PROSPECTS

Brambles' strategic focus is to create superior and sustainable value for its customers, shareholders and employees.

The Group implements its strategy under four key themes:

- Diversification - expanding into more customer segments, broadening the range of products and services and growing geographically;
- Cost leadership - delivering a low-cost business model that leverages its global scale to create sustainable competitive advantage;
- Go to market - strengthening its brand position and enhancing the customer experience through continuously improving the quality of its products and services; and
- People and leadership - attracting, developing and retaining the right individuals and teams that can enhance its culture and bring the required capability for sustainable success.

The Group has access to a broad range of opportunities to continue to invest in value-adding products and services for customers and expand its Pooling Solutions business at the same as delivering attractive returns to shareholders.

The principal factors that define growth opportunities in the Pooling Solutions business within which the Group can create value for customers while supporting its investment proposition for shareholders are:

- Multiple parties use a common asset (i.e. a pallet, crate or container) to transport goods throughout the supply chain;
- Assets flow freely and at high velocity throughout the supply chain, creating complexity that Brambles can manage more effectively through a pooled environment than customers could alone;
- Ownership of assets is not a source of competitive differentiation to the asset user; and
- Pooling of assets can create a benefit in which all supply-chain participants can share.

The Strategy Scorecard on pages 14 and 15 sets out the Group's progress in relation to delivering its strategy. This scorecard includes the identification of focus areas for future prospects as well as execution risks and associated mitigating actions.

Further details of strategy and execution risk in the context of Brambles' risk management framework are provided in the Significant Risk & Uncertainties section on page 7.

¹Based on data published by Bloomberg for the five years ended 31 December 2012: Brambles' compound average growth rate in sales revenue was 9%, compared with negative 2% for the S&P/ASX200 Index; Brambles' five-year average post-tax return on capital was 14%, compared with 4% for the ASX200.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

PERFORMANCE DRIVERS & METRICS

The Group monitors performance and value creation through non-financial metrics (such as customer loyalty, safety performance and employee engagement) and through financial metrics (such as those covering sales revenue, profitability, return on capital and shareholder returns).

Throughout Pooling Solutions, there are three key drivers of Brambles' sales revenue growth:

- General increases in sales volumes in line with economic or industry trends (a relatively stable variable because the majority of Brambles' sales revenue comes from customers in the consumer staples sector);
- The rate at which the group expands the penetration of its operations (often described as "net new business wins²"); and
- Movements in pricing.

Brambles' key focus in terms of measuring profitability is Underlying Profit, the main drivers of which in Pooling Solutions are:

- Transport, logistics and asset management costs (including external factors such as fuel and freight prices, as well as labour costs);
- Plant operations costs in relation to management of service centre networks and the inspection and repair of assets (including labour costs and raw materials costs);
- Other operational expenses (primarily overheads such as selling, general and administrative expenses); and
- Depreciation, as well as provisioning for irrecoverable pooling equipment.

Brambles calculates return on capital invested by dividing Underlying Profit by Average Capital Invested³. The main driver of Average Capital Invested in Pooling Solutions is capital expenditure on pooling equipment. The main drivers of capital expenditure are the rate of sales growth as well as asset efficiency factors: i.e. the amount of pooling equipment not recoverable or repairable each year (and therefore requiring replacement) and the frequency with which customers return or exchange pooling equipment. Brambles' main capital cost exposures are for raw materials, primarily lumber and plastic resin.

The Group also monitors Brambles Value Added (BVA), which measures value generated over and above the cost of capital used to generate that value. BVA is calculated by subtracting from Underlying Profit the product of Average Capital Invested multiplied by 12% (a notional representation of pre-tax cost of capital).

²Net new business wins are the change in sales revenue in the reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business wins is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis.

³A 12-month average of capital invested, calculated as net assets before tax balances, cash and borrowings but after adjustment for accumulated pre-tax Significant Items, actuarial gains and losses and net equity adjustments for equity-settled share-based payments.

FINANCIAL POSITION

CAPITAL STRUCTURE

Brambles manages its capital structure to maintain a solid investment grade credit rating. During the financial year ended 30 June 2013, Brambles held investment-grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

In determining its capital structure, Brambles considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital, and ease of access to funding sources. Initiatives available to Brambles to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying back share capital, issuing new shares, selling assets to reduce debt, and varying the maturity profile of borrowings.

TREASURY POLICIES

Brambles' treasury function is responsible for the management of certain financial risks within Brambles. Key treasury activities include liquidity management, interest rate and foreign exchange risk management, and securing access to short and long-term sources of debt finance at competitive rates. These activities are conducted on a centralised basis in accordance with Board policies and guidelines, through standard operating procedures and delegated authorities. These policies provide the framework for treasury to arrange and implement lines of credit from financiers, select and deal in approved financial derivatives for hedging purposes, and generally execute Brambles' financing strategy.

Brambles' policies with respect to interest and exchange rate risks and appropriate hedging instruments are described below. Further information is contained in Note 30 on pages 99 to 108 of this report, including a sensitivity analysis (pages 102 and 104) with respect to these financial instruments.

The Group uses standard financial derivatives to manage financial exposures in the normal course of business. It does not use derivatives for speculative purposes and only transacts derivatives with relationship banks. Individual credit limits are assigned to those relationship banks, thereby limiting exposure to credit-related losses in the event of non-performance by any counterparty.

FUNDING & LIQUIDITY

Brambles funded its operations during the 2013 financial year through equity issuance, retained cash flow and borrowings. The Group generally sources debt funding from relationship banks and debt capital market investors on a medium-to-long-term basis.

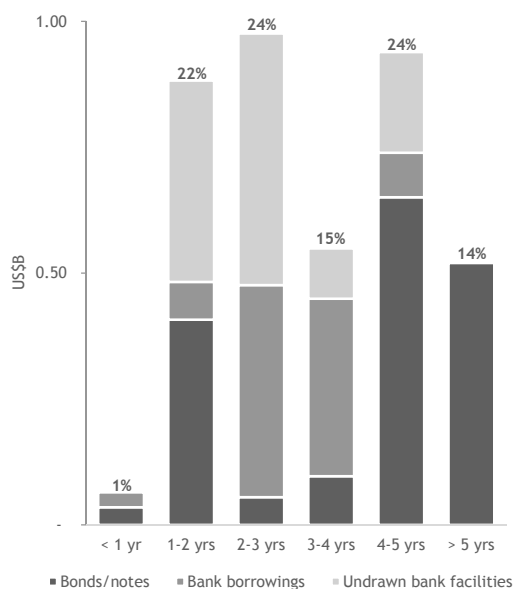
The only major equity issuance of the year occurred in July 2012, when Brambles received A\$115.3 million before costs representing the retail portion of the fully underwritten 1-for-20 pro rata accelerated renounceable entitlement offer made in June 2012. Brambles received the institutional portion (A\$332.8 million before costs) of the entitlement offer in the prior year. The purpose of the equity raising was to replace funds Brambles would have raised through the underwritten dividend reinvestment plan for the 2011 final and 2012 interim dividends. These plans formed part of the equity component of the original IFCO acquisition funding plan but were cancelled in August 2011 in the expectation of a sale of Recall, which subsequently did not proceed. The net proceeds of the offer were used to retire bank borrowings drawn under various revolving credit facilities. There were no new debt capital market issuances during the Year.

Bank borrowing facilities were maintained and portions renewed throughout the year. These facilities are generally structured on multi-currency, revolving bases and currently have maturities ranging to November 2017. Borrowings under the facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

Table 1 below shows the maturity profile of the Group's committed borrowing facilities and outstanding bonds, including the percentage due in each 12-month maturity bucket.

Table 1: Maturity Profile of Committed Borrowing Facilities & Outstanding Bonds



% = percentage of total committed credit facilities

Brambles' liquidity policy requires, among other things, that no more than 25% of total committed credit facilities mature in any rolling 12-month period. At 30 June 2013, the Group was in compliance with the policy.

Table 2: Net Debt & Key Ratios

US\$M	June 2013	June 2012	Change
Current debt	156.9	86.4	70.5
Non-current debt	2,686.4	2,777.7	(91.3)
Gross debt	2,843.3	2,864.1	(20.8)
Less cash	(128.9)	(174.2)	45.3
Net debt	2,714.4	2,689.9	24.5
Key ratios			
Net debt to EBITDA	1.68x	1.72x	-
EBITDA interest cover	14.6x	10.3x	4.3

Brambles' financial policy is to target a net debt to EBITDA ratio of less than 1.75 times. Key financial ratios continue to reflect the Group's strong balance sheet position and remain well within the financial covenants included in Brambles' major financing agreements, with net debt to EBITDA at 1.68 times (2012: 1.72 times) and EBITDA interest cover at 14.6 times (2012: 10.3 times). Net debt was US\$2,714.4 million at 30 June 2013, up US\$24.5 million from 30 June 2012, reflecting the net funding impact of the Pallecon acquisition and the retail rights proceeds received in the period.

At 30 June 2013, Brambles had committed credit facilities including bonds and notes totalling US\$3,958.1 million. Undrawn committed borrowing capacity totalled US\$1,224.2 million. The average term to maturity of Brambles' committed credit facilities at 30 June 2013 was 3.6 years (2012: 3.7 years). Brambles enters into operating

leases for office and operational locations and certain plant and equipment to achieve flexibility in the use of certain assets. The rental periods vary according to business requirements.

DIVIDEND POLICY & PAYMENT

Brambles has a progressive dividend policy under which the Group maintains at least the level of dividends per share it pays, in Australian cents, subject to the Group's financial performance and cash requirements.

The Board has declared a final dividend for 2013 of 13.5 Australian cents per share, up 0.5 Australian cents compared with the previous final dividend and payable on 10 October 2013 to shareholders on the Brambles register at 5pm on 13 September 2013. The final dividend is 30% franked. The ex-dividend date is 9 September 2013. Total dividends for the Year are 27.0 Australian cents per share, up 1.0 Australian cent. Brambles paid an interim dividend of 13.5 Australian cents per share on 11 April 2013, franked at 30%. The unfranked component of the final dividend is conduit foreign income. Consequently, shareholders not resident in Australia will not pay Australian dividend withholding tax on this dividend. The Dividend Reinvestment Plan remains suspended.

INTEREST RATE RISK

Brambles' interest rate risk policy is designed to reduce volatility in funding costs through prudent selection of hedging instruments. This policy includes maintaining a mix of fixed and floating-rate instruments within a target band, over a certain time horizon, using interest rate derivatives where appropriate. The policy requires the level of fixed-rate debt to be within 40% to 70% of total forecast debt arising over the immediate 12-month period, decreasing to a range of: 20% to 60% for debt maturities of one to two years; 10% to 50% for debt maturities of two to three years; and 0% to 50% for debt maturities extending beyond three years.

At 30 June 2013, Brambles had 50% of its weighted average interest-bearing debt over the next 12 months at fixed interest rates (2012: 51%). Beyond 12 months, the proportion of fixed rate debt in the range of one to two years was 47% (2012: 47%), 48% for two to three years (2012: 45%) and 46% for three to four years (2012: 39%) with a decreasing proportion for each year thereafter. The weighted average maturity period was 4.4 years (2012: 5.1 years). The fair value of all interest rate swap instruments was US\$19.0 million net gain (2012: US\$23.5 million net gain).

FOREIGN EXCHANGE RISK

Brambles manages its foreign exchange exposures from the perspective of reducing volatility in the value of foreign currency cash flows and assets. Exposures generally arise in either:

- Transaction exposures affecting the value of transactions translated back to the functional currency of the subsidiary; and
- Translation exposures affecting the value of assets and liabilities of overseas subsidiaries when translated into US dollars.

Under Brambles' foreign exchange policy, foreign exchange hedging is mainly confined to the hedging of transaction exposures where such exposures exceed a certain threshold, and as soon as a defined exposure arises. Within Brambles, exposures may arise with external parties or, alternatively, by way of cross-border intercompany transactions. Forward foreign exchange contracts are primarily used for these purposes. Given the nature of the Group's operations, these exposures are not significant. Brambles generally mitigates translation exposures by raising debt in currencies where there are matching assets. During the Year, Brambles maintained net investment hedge borrowings in euro of €350.5 million, broadly to match its euro-denominated assets. At the end of the Year, the fair value of foreign exchange instruments was US\$8.3 million net loss (2012: US\$1.8 million net loss).

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

SAFETY & SUSTAINABILITY

ZERO HARM

During the Year, Brambles reviewed and launched an updated version of its Zero Harm Charter (see Sustainability on pages 5 to 6). The Charter states that everyone has the right to be safe at work and be able to return home to their family and friends as healthy as when they started the day. Each and every person is expected to think first of Zero Harm. Brambles seeks to apply best practice in occupational health, safety and environment for employees, contractors, customers and the communities in which it operates.

Brambles Injury Frequency Rate (BIFR) is the primary measure of safety performance across the Group. BIFR is recorded at a rate per million hours worked and provides a comprehensive view of employee safety. It includes:

- Work-related fatalities;
- Loss of a full work shift due to injury;
- Modified duties for a full work shift following an injury; and
- Incidents that require external medical treatment.

The Year was transitional for Brambles' reporting on safety. For the first time, data for all businesses acquired in FY12 were incorporated into BIFR. Acquisitions made in FY13 were not included but will be incorporated in FY14. In addition, the Group introduced a greater emphasis on reporting "near misses" (i.e. incidents in which a reportable injury is narrowly avoided) as a positive indicator to identify and eliminate risks before accidents occur. All businesses increased their focus on improving segregation of pedestrians from vehicles and machinery, helping drive a reduction in severity rates.

The FY13 BIFR result of 14.9, a 31% improvement on the previous year, means the Group has achieved its objective of a 25% reduction on FY12 levels. Brambles will continue to target year-on-year improvements, after taking into account the impact of any acquisitions.

Table 3: BIFR

	FY13	FY12	Change	Reasons for change
Pallets - Americas	38.9	54.7	29%	Machine incident reductions and repair process improvements
Pallets - EMEA	3.8	3.4	(12)%	Increased focus on safety management and incident investigation in MEA
Pallets - Asia-Pacific	10.0	18.5	46%	Improved ownership of safety at the site level
Pallets⁴	20.5	29.0	29%	
RPCs	11.0	11.1	1%	Focus on ergonomic improvements and washing machine safety
Containers ⁵	17.7	18.4	4%	Improvements in CHEP Aerospace Solutions
Recall	5.7	10.6	46%	Calibration of incident classification throughout the world
Brambles	14.9	21.5⁶	31%	

⁴For the purposes of safety reporting the Pallets segment includes the CHEP RPCs and Containers operations in Asia-Pacific and South Africa.

⁵For the purposes of safety reporting, the Containers segment includes the CHEP Automotive & Industrial Solutions operations in Europe and the Americas, CAPS, CHEP Aerospace Solutions and the CHEP Catalyst & Chemical Containers business.

⁶Brambles has adjusted its FY12 BIFR to incorporate acquired operations and establish a base rate for comparison. The previously published FY12 BIFR of 9.3 has been replaced with a new base rate of 21.5 that covers all businesses except those acquired during FY13.

A detailed report on Brambles' safety performance will be available in the 2013 Sustainability Review, which will be published on Brambles' website during September 2013.

Brambles reports with great sadness that two fatalities occurred during the Year in relation to its operations:

- A temporary contractor was fatally injured while working for the IFCO PMS business in Kansas City, USA, in May 2013. The contractor was driving a PMS vehicle and was involved in a single-vehicle accident, which is under investigation by the Kansas State Highway Patrol.
- A third-party service provider of tree-felling services at CHEP's Springfield timber farm in South Africa was fatally injured in January 2013.

SUSTAINABILITY

Brambles defines Sustainability as the strategies and activities the Group has adopted in relation to its employees, the environment, ethics and the community. This approach is consistent with Brambles' strategy and shared values and is designed to enhance, among other things:

- Efficiency and productivity in Brambles' use of finite resources;
- The value Brambles creates for customers and shareholders;
- Employee engagement;
- Clarity of communication with customers and other stakeholders; and
- Brambles' ability to grow over the long term without causing harm to the environment or the health and safety of its employees.

Brambles believes the fundamental principles on which its business is built are inherently sustainable. The Group is committed to being the global leader in responsible and sustainable pooling solutions in the supply chains it serves. It is focused on building a long-term, sustainable business that serves its customers, employees and shareholders and the communities in which they live.

Brambles is applying best-practice standards throughout its operations and logistics, and is continuously vigilant in reducing asset losses, cycle times and damage to generate a more sustainable use of physical and financial resources. Fundamental to these efficiency efforts are the principles of recover, reuse, reduce and recycle.

The repeated use of higher quality assets compared with alternative disposable or limited-use platforms reduces material and energy requirements. Brambles retains ownership of its assets at all times, enabling the company to control end-of-life management and improve continuously its recovery, reuse, reduction and recycling efforts.

Strategy

Since 2009, Brambles' Sustainability Committee has been responsible for the strategies and activities adopted by Brambles with regard to the environment, its employees, ethics and the community, consistent with the Group's Shared Values.

In 2010, Brambles launched its sustainability strategy and outlined its strategic objectives and initiatives to 2015. Brambles set a number of targets to measure efforts to improve continuously, demonstrate the inherent sustainability value in the business model for Brambles and its stakeholders and deliver more efficient, safer and environmentally sustainable supply chains. The strategy and targets are grouped into four areas of focus: Customer, Environment, People and Community.

A table containing the targets and details on progress to date are included in Table 4. A full update on the targets will be provided in the Sustainability Review to be published on Brambles' website in September 2013.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

In support of its areas of focus, Brambles is aware that in its approach it must have the right risk and governance foundations and appropriate structures in place to manage its outputs and outcomes responsibly. Brambles lists its commitments in this respect under Governance in the Sustainability section of its website.

Key Topics

Brambles has established a process to determine key sustainability topics that will impact the Group and are therefore of most importance to measure, manage and communicate. Brambles conducted its first formal analysis of sustainability topics it considers important to its stakeholders in FY11. A third-party provider conducted the analysis using AccountAbility Principles Standards AA1000 five-part test as a guide.

For FY13, an online questionnaire was distributed to key management personnel responsible for engagement with customers, employees, shareholders and other stakeholders.

As a result of recent developments in regulatory reporting frameworks, the acquisitions of new businesses and the planned demerger of Recall, Brambles will conduct a new key sustainability topic analysis process and a complete review of its Sustainability targets in FY14. Brambles will communicate the outcomes of this process in its 2014 Annual Report and Sustainability Review.

Key Activities during the Year

Brambles undertook the following key Sustainability activities during the Year:

- Reviewed and updated the Zero Harm Charter, which included adding human rights to the existing safety and environmental commitments to recognise clearly everyone's right to life, family life, health and development;
- Enhanced the visibility of its lumber supply chains and updated its lumber purchasing processes, including development of a global sustainable sourcing standard to incorporate biodiversity and human rights, in line with continuing efforts to improve the supply chain;
- Incorporated its Social Media Policy in its Code of Conduct;
- Commenced the roll-out of the global Occupational Health, Safety & Environment reporting system (iCARE). The safety module is used by all businesses. iCARE's energy waste and reporting module is currently used by CHEP Pallets and the RPCs segment;
- IFCO RPCs operations reported energy and emissions data for the first time;
- Signed the UN Global Compact, demonstrating Brambles' support for responsible business practices;
- Became a Steering Committee member of the World Economic Forum's food waste project; and
- Developed a global supplier policy to be rolled out to all businesses in FY14.

Brambles is preparing the Sustainability Review with reference to the Global Reporting Initiative (GRI) G3.1 principles for delivering content and quality, and the 10 principles of the UN Global Compact. Brambles has engaged KPMG to provide limited assurance on the Group's adherence to the GRI principles and on selected metrics. Brambles will publish details of the scope of this engagement and KPMG's opinion with the full Sustainability Review.

Table 4: Progress against Sustainability Targets

Measure	Target	Progress
Customer		
Customer loyalty	Introduction of Net Promoter Score in every country and year-on-year improvements	●
Customer engagement	Increased participation in industry forums and customer advocacy panels	●
Environment		
Lumber sourcing	Chain of custody certification by 2015	●
Greenhouse gas emissions	20% reduction on 2010 levels by 2015	●
Lumber waste	Zero lumber waste to landfill by 2015	●
Solid waste	Year-on-year recycling improvements	●
Water management	Target to be set in 2014	●
People		
Employee diversity	30% female representation on Board and Executive Leadership Team by 2015 and within all management positions by 2018	●
Safety	25% reduction in BIFR on 2012 levels by 2017	✓
Employee engagement survey	Brambles Employee Survey participation at minimum of 90% by 2015	✓
Employee engagement score	Brambles Employee Survey target of 73% by 2015	●
Education, training and development	25% increase in education, training and development days on 2012 levels by 2015	●
Community		
Supplier policy	Develop and introduce global policy by end of 2013	●
Volunteer time for employees	At least one volunteer hour per employee during working hours by 2015	●
"Give as you earn" policies	Introduced in all businesses where allowed by legislation by 2015	●

✓ Target achieved

● Progressing and on-track

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

SIGNIFICANT RISKS & UNCERTAINTIES

Brambles has adopted a risk management framework that sets out the processes for the identification and management of risk throughout the Group. Full details of the objectives of the framework and the strategies and processes applied to manage these risks are described in Section 7 of the Corporate Governance Statement on pages 26 to 28.

The risk management framework provides for a biannual production of a Group risk matrix, which sets out the top 10 "net" risks facing the Group and the steps being taken to mitigate those risks. The top 10 "net" risks are rated on the basis of their potential impact on the Group as a whole after taking into account current mitigating actions.

Listed below are the top 10 net risks on the risk matrix for the Year. Investors should be aware that there are other risks associated with an investment in Brambles.

- Business model - changing supply chain dynamics and customer needs could render Brambles' existing service offerings and business models out of date. Current market issues that, in combination or separately, could support competitive service offerings include: differing segmental needs, attributes of wood versus alternative materials, use of track-and-trace technology, increasing fuel costs, changes in retailer behaviour and the embedded cost of asset losses in the current model. These issues could, over time, have an impact on revenue, cost base, economies of scale and the value of Brambles' existing assets.
- Competition and retention of major customers - Brambles operates in a competitive environment. Many of the markets in which Brambles operates are served by numerous competitors and are subject to the threat of new entrants. In addition, the concentration of distributors in certain areas could lead to shifts in market structure, bargaining position and intensity of competition. The above risks could have an impact on market penetration, revenue, profitability, economies of scale and the value of existing assets.
- Strategy and execution - Brambles is subject to the risk of not having effective strategies in place to guide the Group's performance and to drive sales and profit growth, enable innovation, safety improvements and improve customer and employee satisfaction. Further, it is subject to the risk of not being able to effectively execute against agreed strategies resulting in loss of market and investor confidence and reduced share performance.
- Innovation - Brambles is subject to the risk of not being able to optimise innovations in its services, products, processes and commercial solutions, including capturing the full value of any innovations that support its growth opportunities. This could have an impact on revenue, profitability, economies of scale and the value of existing assets.
- Equipment losses - Brambles is subject to the risk of a lack of control of Pooling Solutions equipment. This could impact financial performance and lead to a reduction in customer satisfaction.
- Equipment quality - satisfaction of Brambles' customers may fluctuate with the customers' perceived views of equipment quality which, in turn, is influenced by the effectiveness of the quality standards that Brambles employs in its equipment pools. Brambles is subject to the risk that it may not optimise these standards, thereby adversely affecting customer satisfaction with its service offering and/or the operating and capital costs of the equipment pools.
- Mergers and Acquisitions - Brambles is subject to the risk of failing to successfully execute acquisitions and disposals, as well as the risk of failing to successfully integrate acquisitions. If the integration of newly acquired businesses is not effective, this could result in the failure to realise the anticipated benefits and synergies.
- People capability - Brambles is subject to the risk of not attracting, developing and retaining high-performing individuals. Furthermore, succession planning may not be managed effectively, so that talented individuals are able to be developed and promoted within the Group, rather than sourced externally. This could result in Brambles not having sufficient quality and quantity of people to meet its growth and business objectives.
- Systems and technology - Brambles relies on the continuing operation of its information technology and communications systems, including those in CHEP's global data centre. Interruption, compromise or failure of these systems could impair Brambles' ability to provide its services effectively. This could damage its reputation and, in turn, have an adverse effect on its ability to attract and retain customers.
- Zero Harm - Brambles is subject to inherent operational risks, including industrial hazards, road traffic or transportation accidents that could potentially result in serious injury or fatality of employees, contractors or members of the public. There is also a risk of prosecution of its Officers and Directors due to wilful or negligent breaches of safety regulations.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

FINANCIAL REVIEW - GROUP OVERVIEW

SALES REVENUE

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Pallets - Americas	2,205.8	2,041.3	8%	8%
Pallets - EMEA	1,346.8	1,326.8	2%	5%
Pallets - Asia-Pacific	391.8	375.8	4%	5%
Total Pallets	3,944.4	3,743.9	5%	7%
RPCs	812.8	759.5	7%	10%
Containers	325.7	276.6	18%	20%
Total Pooling Solutions	5,082.9	4,780.0	6%	8%
Recall	807.0	845.0	(4)%	(3)%
Total Brambles	5,889.9	5,625.0	5%	6%

Brambles' sales revenue in the 12 months ended 30 June 2013 was US\$5,889.9 million, up 5% (6% at constant currency⁷) compared with the prior corresponding period. Pooling Solutions (Pallets, Reusable Plastic Crates (RPCs) and Containers) contributed sales revenue of US\$5,082.9 million, up 6% (8% at constant currency). The main contributor was Pallets Americas, in which business wins remained strong, combined with continued expansion of RPCs and Containers and a resilient sales result from Pallets EMEA.

Recall contributed sales revenue of US\$807.0 million, down 4% (3% at constant currency), reflecting reduced levels of transactional project activity.

OPERATING PROFIT

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Pallets - Americas	414.6	346.4	20%	20%
Pallets - EMEA	268.2	269.3	-	4%
Pallets - Asia-Pacific	77.2	75.7	2%	3%
Total Pallets	760.0	691.4	10%	12%
RPCs	138.4	109.3	27%	30%
Containers	28.0	32.8	(15)%	(12)%
Total Pooling Solutions	926.4	833.5	11%	13%
Recall	128.2	160.1	(20)%	(18)%
Brambles HQ	(43.4)	(54.4)	20%	19%
Total continuing operations	1,011.2	939.2	8%	10%

Operating profit was US\$1,011.2 million, up 8% (10% at constant currency). Pooling Solutions contributed operating profit of US\$926.4 million, up 11% (13% at constant currency), reflecting sales growth, operating efficiency improvements and reduced Significant Items⁸, all of which more than offset the impact of an increase in business development costs of US\$26 million, and increases in direct costs, primarily related to the cost of lumber purchased in Pallets Americas.

In Recall, operating profit was down 20% (18% at constant currency), reflecting a reduction in higher margin sales from project activities in both the Document Management Solutions and Secure Destruction Services business lines and an increase of US\$10 million in costs, primarily associated with business development.

PROFIT AFTER TAX

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Operating profit from continuing operations	1,011.2	939.2	8%	10%
Net finance costs	(110.9)	(152.0)	27%	26%
Tax expense	(260.4)	(212.3)	(23)%	(23)%
Profit from discontinued operations	0.7	1.4	(50)%	(57)%
Profit after tax	640.6	576.3	11%	14%
Weighted average number of shares (M)	1,555.7	1,482.3	5%	5%
EPS (US cents)	41.2	38.9	6%	9%

Profit after tax was US\$640.6 million, up 11% (14% at constant currency), reflecting the higher operating profit, lower net finance costs and a higher tax expense.

Net finance costs were US\$110.9 million, down 27% (26% at constant currency). The decreased costs were mainly attributable to the net impact of lower average borrowings (reflecting the June 2012 equity raising and higher free cash flow in FY13, which more than offset the funding of the Pallexon acquisition) and lower average interest rates on bank debt.

Tax expense was US\$260.4 million. The effective tax rate on operating profit (after net finance costs) was 29%, compared with 27% the prior year. The increase was primarily a result of higher profits in the USA and higher non-deductible costs.

Basic earnings per share was 41.2 US cents, up 6% (9% at constant currency), reflecting the increase in profit after tax, offset by an increase in the weighted average number of shares on issue as a result of the June 2012 equity raising.

⁷Calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.

⁸Brambles defines Significant Items as items of income or expense that are (either individually or in aggregate) material to Brambles or to the relevant business segment and: either outside the ordinary course of business; or part of the ordinary activities of the business but unusual in size and nature.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

UNDERLYING PROFIT⁹

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Pallets - Americas	419.1	363.6	15%	15%
Pallets - EMEA	282.4	274.8	3%	7%
Pallets - Asia-Pacific	78.8	76.6	3%	4%
Total Pallets	780.3	715.0	9%	11%
RPCs	138.7	125.5	11%	13%
Containers	28.4	32.8	(13)%	(10)%
Total Pooling Solutions	947.4	873.3	8%	11%
Recall	144.2	174.2	(17)%	(16)%
Brambles HQ	(34.4)	(37.8)	9%	7%
Total Brambles	1,057.2	1,009.7	5%	7%

Underlying Profit, which excludes Significant Items, was US\$1,057.2 million, up 5% (7% at constant currency). In Pooling Solutions, Underlying Profit was up 8% (11% at constant currency). In Recall, Underlying Profit was US\$144.2 million, down 17% (16% at constant currency). These results reflected the same trends as for operating profit.

Reconciliation of Underlying Profit to Operating Profit

US\$M	FY13	FY12
Underlying Profit	1,057.2	1,009.7
Significant Items:		
Acquisition-related costs	(4.6)	(2.8)
Restructuring & integration costs	(22.0)	(53.2)
Recall transaction costs	(4.1)	(21.2)
Impairment of software development costs	(15.3)	-
Pension costs	-	(5.8)
Foreign exchange gain on capital repatriation	-	12.5
Total Significant Items	(46.0)	(70.5)
Operating profit	1,011.2	939.2

Significant Items were US\$(46.0) million, down from US\$(70.5) million, primarily driven by a reduction in restructuring and integration costs as well as transaction costs associated with the cancelled Recall divestment process. The other major Significant Item in the period was the impairment of software development costs previously capitalised in Recall. Higher restructuring and integration costs in the prior corresponding period were associated with the integration of IFCO, the move of the CHEP head office in North America and restructuring in Recall.

⁹Brambles defines Underlying Profit as profit from continuing operations before finance costs, tax and Significant Items.

RETURN ON CAPITAL METRICS

Return on Capital Invested¹⁰

US\$M	FY13	FY12	Change
Pallets - Americas	19.2%	17.3%	1.9pp
Pallets - EMEA	22.8%	21.5%	1.3pp
Pallets - Asia-Pacific	18.8%	19.6%	(0.8)pp
Total Pallets	20.4%	18.9%	1.5pp
RPCs	9.5%	9.1%	0.4pp
Containers	8.3%	14.1%	(5.8)pp
Total Pooling Solutions	16.8%	16.2%	0.6pp
Recall	13.2%	15.8%	(2.6)pp
Total Brambles	15.9%	15.7%	0.2pp

Improvements in Brambles' key return on capital metrics primarily reflected improvements in the Pallets segment, where there was strong profit growth in the Americas region and reduced Average Capital Invested in the EMEA region.

Return on capital invested across the Group was 15.9%, up 0.2 percentage points, while Brambles Value Added¹¹ (BVA) was US\$269.9 million, up US\$21.3 million. In Pooling Solutions, return on capital invested was 16.8%, up 0.6 percentage points, while BVA increased US\$48.7 million to US\$283.3 million.

Ongoing operating investment in developing the Containers segment led to the decline in return on capital invested and BVA.

In Recall, return on capital invested remained in excess of the cost of capital at 13.2% and BVA remained positive at US\$13.3 million, reflecting lower Underlying Profit.

Brambles Value Added

US\$M, fixed June 2012 FX	FY13	FY12	Change
Pallets - Americas	170.7	126.4	44.3
Pallets - EMEA	132.2	114.6	17.6
Pallets - Asia-Pacific	28.8	27.6	1.2
Total Pallets	331.7	268.6	63.1
RPCs	(36.1)	(38.3)	2.2
Containers	(12.3)	4.3	(16.6)
Total Pooling Solutions	283.3	234.6	48.7
Recall	13.3	41.1	(27.8)
Brambles HQ	(26.7)	(27.1)	0.4
Total Brambles	269.9	248.6	21.3

¹⁰Return on capital invested is Underlying Profit divided by Average Capital Invested (which Brambles defines as a 12-month average of capital invested, calculated as net assets before tax balances, cash and borrowings but after adjustment for accumulated pre-tax Significant Items, actuarial gains and losses and net equity adjustments for equity-settled share-based payments).

¹¹Brambles Value Added (BVA) is the value generated over and above the cost of capital used to generate that value. It is calculated using fixed 30 June 2012 exchange rates as: Underlying Profit; plus Significant Items that are part of the ordinary activities of the business; less Average Capital Invested, adjusted for accumulated pre-tax Significant Items that are part of the ordinary course of business, multiplied by 12%.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

CAPITAL EXPENDITURE ON PROPERTY, PLANT & EQUIPMENT (ACCRUALS BASIS)

US\$M	FY13	FY12	Change
Pallets - Americas	330.1	282.9	47.2
Pallets - EMEA	233.7	233.5	0.2
Pallets - Asia-Pacific	72.5	84.9	(12.4)
Total Pallets	636.3	601.3	35.0
RPCs	196.0	227.2	(31.2)
Containers	32.2	48.4	(16.2)
Total Pooling Solutions	864.5	876.9	(12.4)
Recall	62.0	42.8	19.2
Brambles HQ	1.2	1.4	(0.2)
Total Brambles	927.7	921.1	6.6

Capital expenditure on property, plant and equipment (accruals basis) was US\$927.7 million, up US\$6.6 million. In Pooling Solutions, the total was US\$864.5 million, down US\$12.4 million. This primarily reflected continued disciplined investment in pallets, crates and containers to support growth throughout Pooling Solutions as well as the benefits of asset efficiency programs in the Pallets segment. Maintenance capital expenditure in Pallets was broadly in line with FY12.

Growth capital expenditure in RPCs, Containers and emerging markets Pallets was US\$190 million, taking total capital expenditure in these areas for FY12 and FY13 to US\$430 million. This was lower than the US\$550 million foreseen when the program was initially announced in August 2011, primarily reflecting slower growth in RPCs and lower expenditure in Containers as a result of the slower than anticipated rate of customer conversion.

In Recall, capital expenditure was US\$62.0 million, up US\$19.2 million, primarily reflecting increased investment to support growth programs compared with levels in FY12 that were lower than the historical average.

CASH FLOW

US\$M	FY13	FY12	Change
Underlying Profit	1,057.2	1,009.7	47.5
Depreciation and amortisation	557.0	552.2	4.8
EBITDA	1,614.2	1,561.9	52.3
Capital expenditure	(905.1)	(949.4)	44.3
Proceeds from sale of PP&E	110.5	93.5	17.0
Working capital movement	(24.8)	(107.9)	83.1
Irrecoverable pooling equipment provision	101.5	100.1	1.4
Provisions/other	(37.3)	(107.0)	69.7
Cash Flow from Operations	859.0	591.2	267.8
Significant Items/discontinued operations	(43.6)	(38.2)	(5.4)
Financing costs and tax	(306.8)	(373.5)	66.7
Free cash flow	508.6	179.5	329.1
Dividends paid	(425.5)	(397.7)	(27.8)
Free cash flow after dividends	83.1	(218.2)	301.3

Cash Flow from Operations¹² increased to US\$859.0 million, up US\$267.8 million. In addition to the increased profit and reduced capital expenditure (on a cash basis), the main contributors to the improved cash flow were a reduction in provisions and other items of US\$69.7 million (driven by the non-recurrence of FY12 litigation and software spend, as well as lower bonus payments in FY13) and improved working capital management. Free cash flow after dividends was US\$83.1 million, up US\$301.3 million, reflecting the higher operating cash flow and reduced interest costs.

FINANCIAL REVIEW - SEGMENTAL ANALYSIS

PALLETS

Sales

Sales revenue in the Pallets segment was US\$3,944.4 million, up 5% (7% at constant currency), driven primarily by strong growth in the Americas. Net new business wins¹³ in the Pallets segment were US\$131 million, contributing constant currency sales revenue growth of 4%.

Sales revenue from the emerging markets regions (Asia, Central & Eastern Europe, Latin America and Middle East & Africa) of the Pallets segment was US\$523.7 million, up 13% (19% at constant currency), in line with the company's forecast of at least 15% constant currency growth.

Profit

Operating profit in the Pallets segment was US\$760.0 million, up 10% (12% at constant currency). The operating profit margin was 19%, up 1 percentage point. During the year, the Pallets segment delivered an additional US\$11 million from IFCO integration synergies and an additional US\$10 million from the global Pallets efficiencies program. These efficiency improvements, combined with pricing and sales mix benefits, were more than sufficient to offset other cost impacts throughout the Pallets segment.

Underlying Profit was US\$780.3 million, up 9% (11% at constant currency). The Underlying Profit margin was 20%, up 1 percentage point.

¹²Brambles defines Cash Flow from Operations as cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

¹³Net new business wins are the change in sales revenue in the reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business wins is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

PALLETS - AMERICAS

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Sales revenue	2,205.8	2,041.3	8%	8%
Operating profit	414.6	346.4	20%	20%
Margin	19%	17%	2pp	
Significant Items:				
Restructuring	4.5	17.2		
Underlying Profit	419.1	363.6	15%	15%
Margin	19%	18%	1pp	

Sales

Sales revenue in Pallets Americas was US\$2,205.8 million, up 8%, as a result of new business growth - led by strong growth in CHEP USA. Net new business wins throughout Pallets Americas were US\$77 million, contributing 4% constant currency sales revenue growth.

CHEP USA's sales revenue was US\$1,248.5 million, up 7%, reflecting the rollover impact of new business won during FY12, further new business wins in FY13, the benefits of targeted pricing initiatives and modest increases in like-for-like sales volumes.

CHEP Canada's sales revenue was US\$278.2 million, up 8% (9% at constant currency), reflecting a full year's contribution from the Paramount Pallet acquisition in November 2011, net new business wins in the CHEP pooled pallets business and like-for-like sales volume growth.

CHEP Latin America's sales revenue was US\$256.8 million, up 11% (14% at constant currency), reflecting continued like-for-like sales volume growth with key accounts throughout the region as well as net new business wins, in particular in Mexico and Brazil, and modest pricing increases.

IFCO Pallet Management Services' (PMS) sales revenue was US\$400.7 million, up 9%, reflecting improvements in pricing like-for-like sales volume growth.

LeanLogistics' sales revenue was US\$21.6 million, up 14%, primarily reflecting new business growth in the USA and Europe.

Profit

Operating profit was US\$414.6 million, up 20%. The operating profit margin was up 2 percentage points at 19%. Margin improvement reflected positive sales mix, incremental IFCO PMS integration synergies, predominantly from plant network optimisation, and gains from the global Pallets efficiencies program.

These factors more than offset increased direct costs (primarily because of higher lumber costs and investment in asset recovery) and increased business development costs.

Underlying Profit, which excludes Significant Items of US\$4.5 million on restructuring, was US\$419.1 million, up 15%. The Underlying Profit margin was 19%, up 1 percentage point.

PALLETS - EMEA

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Sales revenue	1,346.8	1,326.8	2%	5%
Operating profit	268.2	269.3	-	4%
Margin	20%	20%	-	
Significant Items:				
Restructuring	14.2	(0.3)		
Pension costs	-	5.8		
Underlying Profit	282.4	274.8	3%	7%
Margin	21%	21%	-	

Sales

Sales revenue in Pallets EMEA was US\$1,346.8 million, up 2% (5% at constant currency), as the benefits of net new business wins in FY12 and FY13 in Europe, modest pricing growth and continued expansion in emerging countries and regions more than offset flat like-for-like sales growth in Europe as a result of ongoing subdued economic conditions. Net new business wins were US\$47 million, contributing constant currency sales revenue growth of 4%.

CHEP Western Europe sales revenue was US\$1,131.5 million, down 1% (up 2% in constant currency). This reflected expansion in the under-penetrated Mid Europe region, in particular Germany and Italy, where retailer acceptance of the CHEP pallets solution is increasing, and resilience in the UK & Ireland. This offset a flat result in France and a further decline reflecting economic conditions in Iberia. Within CHEP Western Europe:

- Mid Europe sales revenue was US\$365.8 million, up 2% (5% at constant currency);
- UK & Ireland sales revenue was US\$359.7 million, up 3% (4% at constant currency);
- Iberia sales revenue was US\$242.1 million, down 6% (3% at constant currency); and
- France sales revenue was US\$163.9 million, down 3% (flat at constant currency).

CHEP Central & Eastern Europe sales revenue was US\$78.4 million, up 44% (47% at constant currency), reflecting continued expansion in the region, mostly in Turkey and Poland, and the entry in 2012 into seven new countries within the region.

CHEP Middle East & Africa sales revenue was US\$136.9 million, up 1% (14% at constant currency), reflecting like-for-like sales growth and pricing in South Africa and expansion in the Middle East.

Profit

Operating profit was broadly unchanged at US\$268.2 million (up 4% at constant currency). The operating profit margin was flat at 20%. Price and sales mix improvements, as well as benefits from the global Pallets efficiencies program, more than offset the impact of continued investment in expanding the business in Central & Eastern Europe and other costs.

Underlying Profit, which excludes US\$14.2 million of Significant Items on restructuring, was US\$282.4 million, up 3% (7% at constant currency). The Underlying Profit margin was maintained at 21%.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

PALLETS - ASIA-PACIFIC

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Sales revenue	391.8	375.8	4%	5%
Operating profit	77.2	75.7	2%	3%
Margin	20%	20%	-	
Significant Items:				
Restructuring	1.6	0.9		
Underlying Profit	78.8	76.6	3%	4%
Margin	20%	20%	-	

Sales

Sales revenue in Pallets Asia-Pacific was US\$391.8 million, up 4% (5% at constant currency), reflecting continued expansion in Asia and subdued economic conditions in Australia. Net new business wins were US\$8 million, contributing constant currency sales revenue growth of 2%.

Australia & New Zealand sales revenue was US\$340.2 million, up 2%, reflecting modest new business growth and pricing increases in Australia.

Asia sales revenue was US\$51.6 million, up 25%, primarily reflecting new business wins in China and India and improved like-for-like sales volumes with existing customers in Malaysia and Thailand.

Profit

Operating profit was US\$77.2 million, up 2% (3% at constant currency). The operating profit margin was flat at 20%. Sales growth more than offset the impact of reduced compensations (reflecting a reduction in the level of irrecoverable pallets), an increase in repairs in Australia and business development costs in Asia.

Underlying Profit, which excludes Significant Items of US\$1.6 million on restructuring, was US\$78.8 million, up 3% (4% at constant currency). The Underlying Profit margin was flat at 20%.

RPCs

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Sales revenue	812.8	759.5	7%	10%
Operating profit	138.4	109.3	27%	30%
Margin	17%	14%	3pp	
Significant Items:				
IFCO integration	-	16.2		
Restructuring	0.3	-		
Underlying Profit	138.7	125.5	11%	13%
Margin	17%	17%	-	

Sales

Sales revenue in RPCs was US\$812.8 million, up 7% (10% at constant currency), reflecting growth in all regions from continued displacement of disposable cardboard boxes, expansion into additional produce items with existing retailers, the addition of new retailers to the network and the launch of new products.

The sales growth was below the target of 15% set in August 2012 as a result of slower than anticipated conversions of new customers in North America - although growth remained strong in this region.

- Europe sales revenue was US\$510.9 million, up 4% (8% at constant currency), primarily driven by expansion with existing retailers throughout Western Europe;
- North America sales revenue was US\$162.7 million, up 18%, reflecting expansion in the USA and Canada, mostly with existing retailers;
- South America sales revenue was US\$21.9 million, down 9% (up 3% at constant currency), reflecting growth in Argentina; and
- Australia, New Zealand and South Africa sales revenue was US\$117.3 million, up 9% (12% at constant currency), mostly reflecting new business growth from expansion with new and existing retailers in Australia.

Profit

Operating profit was US\$138.4 million, up 27% (30% at constant currency). The operating profit margin was 17%, up 3 percentage points, reflecting integration costs in the prior year.

Underlying Profit, which excludes Significant Items of US\$0.3 million on restructuring, was US\$138.7 million, up 11% (13% at constant currency). The Underlying Profit margin was 17%, the same as the prior year.

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

CONTAINERS

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Sales revenue	325.7	276.6	18%	20%
Operating profit	28.0	32.8	(15)%	(12)%
<i>Margin</i>	9%	12%	(3)pp	
Significant Items:				
Restructuring & integration	0.4	-		
Underlying Profit	28.4	32.8	(13)%	(10)%
<i>Margin</i>	9%	12%	(3)pp	

Sales

Sales revenue in the Containers segment was US\$325.7 million, up 18% (20% at constant currency), primarily reflecting the US\$34.1 million contribution of the Pallecon operations acquired in December 2012 in addition to new business wins in pre-existing businesses. Growth was partially offset by downward pressure in the automotive sector, reflecting industry softness in Australia and, to a lesser extent, Europe.

Sales revenue in the new Containers operations in the Automotive and intermediate bulk containers (IBC) sectors in the USA and the global Aerospace Solutions business was US\$81.5 million, up 42% (41% at constant currency), behind management forecasts that sales revenue from these businesses would double. This primarily reflected the slower than anticipated rate of conversion of new customers in the automotive industry in the USA.

By business line, Containers' sales revenue was as follows:

- Automotive sales revenue was US\$150.2 million, down 3% (flat at constant currency), as growth in Asia and North America and a relatively resilient result in EMEA were offset by the impact of severely deteriorating industry conditions in Australia;
- CHEP Pallecon Solutions, comprising the pre-existing CHEP IBC business, the newly acquired Pallecon business and CAPS, had sales revenue of US\$78.3 million, up 82% (85% at constant currency), reflecting the acquisition of Pallecon and continued growth in CAPS;
- CHEP Aerospace Solutions sales revenue was US\$59.3 million, up 45% (44% at constant currency), reflecting new business growth as well as a full-year contribution from the Driessen Services business acquired in November 2011; and
- CHEP Catalyst & Chemical Containers (CCC) sales revenue was flat (up 1% at constant currency) at US\$37.9 million, reflecting continued muted customer activity levels.

Profit

Operating profit was US\$28.0 million, down 15% (12% at constant currency). The operating margin was down 3 percentage points at 9%, reflecting business development costs to support growth.

Underlying Profit was US\$28.4 million, which excludes Significant Items of US\$0.4 million on integration and restructuring, down 13% (10% at constant currency). The Underlying Profit margin was 9%, down 3 percentage points.

RECALL

US\$M			Change	
	FY13	FY12	Actual FX	Constant FX
Sales revenue	807.0	845.0	(4)%	(3)%
Operating profit	128.2	160.1	(20)%	(18)%
<i>Margin</i>	16%	19%	(3)pp	
Significant Items:				
Restructuring	0.7	14.1		
Impairment of software development costs	15.3	-		
Underlying Profit	144.2	174.2	(17)%	(16)%
<i>Margin</i>	18%	21%	(3)pp	

Sales

Recall's sales revenue was US\$807.0 million, down 4% (3% at constant currency). Growth in both carton volumes and retention revenue in the document storage part of the business was insufficient to offset lower transactional customer activity: i.e. lower rates of document retrieval and other projects carried out on behalf of customers in Document Management Solutions, as well as lower levels of activity in Secure Destruction Services. There was also a negative impact in the first half from lower selling prices for destroyed paper.

Profit

Operating profit was US\$128.2 million, down 20% (18% at constant currency), reflecting the reduction in higher-margin transactional activity, the normalisation of business development costs following lower expenditure in FY12 and a US\$15.3 million impairment of software development costs. The operating profit margin was 16%, a reduction of 3 percentage points.

Underlying Profit, which excludes US\$16.0 million of Significant Items on restructuring and the impairment of software development costs, was US\$144.2 million, down 17% (16% at constant currency). The Underlying Profit margin was 18%, down 3 percentage points.

STRATEGY SCORECARD

TABLE 5: STRATEGY SCORECARD

	FY13 TARGETS ¹	FY13 ACHIEVEMENTS
DIVERSIFICATION - Expanding into more customer segments, broadening the range of products and services and growing geographically	PALLETS - Continued sales growth powered by new business wins - Further constant currency sales revenue growth of at least 15% in emerging markets - Continued assessment of and entry into new countries	- Continued delivery of net new business wins in all three Pallets regions (Americas, EMEA and Asia-Pacific) despite subdued economies - Target comfortably achieved: constant currency growth of 19% - Expansion into Balkan and Baltic states in Europe and Gulf States in the Middle East; identification of opportunity to expand into Peru and Colombia
	RPCs - Further constant currency sales revenue growth of 15% - Lane expansion with existing retail partners	- Growth of 10% was below target as rollout in high-growth North American region - while strong - somewhat slower than anticipated - Lane expansion with existing retail partners in all regions contributed to growth as expected
	CONTAINERS - Doubling of combined sales revenue in US Automotive, US IBCs and CHEP Aerospace Solutions - Continued assessment of potential strategic acquisition opportunities	- Target not achieved: conversion times for new contracts in US Automotive proved slow and capital redirected towards Pallecon acquisition - €136 million acquisition of IBCs provider Pallecon in December 2012 and subsequent formation of CHEP Pallecon Solutions, combining CHEP's and Pallecon's IBC operations in Europe and the Asia-Pacific.
COST LEADERSHIP - Delivering a low-cost business model that leverages Brambles' global scale to create sustainable competitive advantage	- Delivery of further global operations and logistics efficiencies in Pallets - Improvement in operating margins in Asia and Central & Eastern Europe	- Additional US\$10 million of global Pallets operations and logistics efficiencies and US\$11 million of IFCO integration synergies delivered as planned - Profitable growth in Central & Eastern Europe with focus in Asia on developing business as supply chains modernise
GO TO MARKET - Strengthening brand position and enhancing the customer experience through continuously improving the quality of its products and services	- Continued rollout of new RPC products and solutions - Innovation for customers with half size and display pallets	- Additional launches of newer products including egg crates, banana crates and meat crates throughout Europe and Americas
		EUROPE - Market tests on plastic half-size pallet in Spain, cardboard layering pallet in France and wheeled merchandising unit in UK - Advanced stage with customers and suppliers in developing next-generation quarter pallet in Europe
		AUSTRALIA & NEW ZEALAND - Sales revenue from fractional/display pallets and beverage trays growing strongly - Next-generation display pallet and improved beverage trays under development for launch in FY14 in conjunction with major retailers
		NORTH AMERICA - Continued work through customer forums to identify service and product development opportunities - Increased use of pooled half pallets in Canada and to explore similar opportunities in the USA
PEOPLE & LEADERSHIP - Attracting, developing and retaining the right individuals and teams that can enhance its culture and bring the required capability for sustainable success	- Development of global Containers organisation under new Group President	- Expansion of global Containers segment through Pallecon acquisition and continued growth in CHEP Aerospace Solutions and US IBCs

¹As disclosed in 2012 Annual Report.

STRATEGY SCORECARD

ONGOING FOCUS AREAS	EXECUTION RISKS	MITIGATING ACTIONS
<ul style="list-style-type: none"> - Expansion of product and services offering within Pallets - Ongoing assessment and entry if appropriate into emerging geographies 	<ul style="list-style-type: none"> - Relatively flat economic growth outlook in developed markets - High levels of penetration in some regions of Pallets operations 	<ul style="list-style-type: none"> - Continued exploration of growth opportunities in new products, services, segments and geographies - Extend service offerings in existing markets and expand into new segments and geographies
<ul style="list-style-type: none"> - Continued expansion of RPCs by geography and product 	<ul style="list-style-type: none"> - Entrenchment of disposable solutions in some markets 	<ul style="list-style-type: none"> - Emphasis on delivery of value to existing retail partners and growers
<ul style="list-style-type: none"> - Continued targeted expansion of Containers portfolio 	<ul style="list-style-type: none"> - Lead time to develop opportunities in new pooling markets 	<ul style="list-style-type: none"> - Ongoing exploration of organic and acquisitive growth opportunities
<ul style="list-style-type: none"> - Analysis and assessment of asset management performance - Focus on cost performance to drive sustainable competitive advantage - Increased capability in shared services delivery 	<ul style="list-style-type: none"> - Requirement for short-term investment to deliver long-term capability - Global rises in input costs, in particular for lumber 	<ul style="list-style-type: none"> - Monitor raw material costs and mitigate as required; drive efficiency in other cost areas - Review and improve overhead structure
<ul style="list-style-type: none"> - Continued focus on innovation and product strategy - Leveraging of CHEP global scale, footprint, network and brand 	<ul style="list-style-type: none"> - Changes to consumer behaviour and retailing formats - Ongoing activity from new and existing competitors 	<ul style="list-style-type: none"> - Development of solutions to suit new retail formats and behaviour (e.g. promotional display pallets) - Build strength of global network and cost leadership position to provide best solutions for customers
<ul style="list-style-type: none"> - Continued emphasis on enhancing and developing talent throughout the group - Nurturing “one business” culture 	<ul style="list-style-type: none"> - Availability of internal candidates for senior roles 	<ul style="list-style-type: none"> - Inaugural Fast Track program for a select group of executives aimed at developing company leaders

BOARD & EXECUTIVE LEADERSHIP TEAM

BOARD OF DIRECTORS



DOUG DUNCAN NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Audit Committee

Joined Brambles as a Non-executive Director in January 2012. He is a Non-executive Director and member of the Audit Committee of JB Hunt Transport and Benchmark Electronics. Doug's career in the transport and logistics industry spans over 30 years. From 2001 until his retirement in 2010, he was President and Chief Executive Officer of FedEx Freight. Prior to that, he spent more than 20 years with the company that ultimately became Viking Freight, where he held senior executive roles including President & Chief Executive Officer from 1998 to 2001, when FedEx acquired Viking. Doug holds a Bachelor of Science degree in Business Administration from Christopher Newport University, Virginia. Age: 62.



TONY FROGGATT NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Remuneration Committee and Nominations Committee

Joined Brambles as a Non-executive Director in June 2006. He is a Non-executive Director of Billabong International and Coca-Cola Amatil. Previously, Tony was a Non-executive Director of AXA Asia Pacific Holdings and was Chief Executive Officer of Scottish & Newcastle PLC from May 2003 to October 2007. He began his career with the Gillette Company and has held a wide range of sales, marketing and general management positions in many countries with major consumer goods companies including HJ Heinz, Diageo and Seagram. He holds a Bachelor of Law degree from Queen Mary College, London and a Master of Business Administration degree from Columbia Business School, New York. Age: 65.



TOM GORMAN CHIEF EXECUTIVE OFFICER

Chairman of Executive Leadership Team

Joined Brambles as Group President, CHEP EMEA in March 2008 and became Chief Executive Officer in November 2009. Previously, Tom had a long career with the Ford Motor Company, and served as President, Ford Australia from March 2004 until January 2008. Before joining Ford, he worked for the Bank of Boston. Tom holds a Bachelor of Arts degree in Economics & International Relations from Tufts University, Massachusetts and a Master of Business Administration degree with distinction from Harvard Business School, Massachusetts. Age: 53.



DAVID GOSNELL NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Audit Committee

Re-joined Brambles as a Non-executive Director in December 2011. He is President of Global Supply & Procurement for Diageo plc, leading a global team of 9,000 people across manufacturing, logistics and technical operations as well as managing Diageo's multi-billion sterling procurement budget. David was a Non-executive Director of Brambles from June 2006 until March 2010, when he retired due to his other commitments at that time. Prior to joining Diageo, David spent 20 years at HJ Heinz, where he served on the UK board and held various European operational positions. He holds a Bachelor of Science degree in Electrical & Electronic Engineering from Middlesex University, England. Age: 56.



TAHIRA HASSAN NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Remuneration Committee

Joined Brambles as a Non-executive Director in December 2011. Tahira is based in Toronto, Canada and had a long career with Nestlé. From 2003 to 2006, she was Senior Vice President & Head of Global Supply Chain. Based in Switzerland, this was a new role created to lead the reshaping of Nestlé's global approach to supply chain management. Her other roles included Senior Vice President & Global Business Head for Nescafé Ready To Drink from 2006 to 2009, and Vice President, Deputy Operations, Zone Americas from 2001 to 2003. Previously, Tahira held various leadership positions in Nestlé Canada including President, Ice Cream and Executive Vice President, Consumer Demand Chain and Information Services. Tahira is a Fellow of the Chartered Institute of Management Accountants, UK and a Certified Member of the Society of Management Accountants of Canada. Age: 60.



STEPHEN JOHNS NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of Audit Committee and member of Nominations Committee

Joined Brambles as a Non-executive Director in August 2004. He is former Chairman and a Non-executive Director of Leighton Holdings Limited and Spark Infrastructure Group, and a former Executive and Non-executive Director of Westfield Group. Stephen had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He has a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. Age: 66.

BOARD & EXECUTIVE LEADERSHIP TEAM - CONTINUED



CAROLYN KAY NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Audit Committee

Joined Brambles as a Non-executive Director in June 2006. She is a Non-executive Director of Commonwealth Bank of Australia, Infrastructure NSW and The Sydney Institute and an External Board Member of Allens. Carolyn has more than 25 years' experience in the finance sector and worked as an executive in finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and Linklaters & Paines in London. She holds Bachelor of Law and Arts degrees from the University of Melbourne and a Graduate Diploma in Management from the Australian Graduate School of Management. Carolyn is a Fellow of the Australian Institute of Company Directors, a member of Chief Executive Women and Women Corporate Directors and has a Centenary Medal for services to Australian society in business leadership. Age: 52.



GRAHAM KRAEHE AO NON-EXECUTIVE CHAIRMAN (INDEPENDENT)

Chairman of Nominations Committee and member of Remuneration Committee

Re-joined the Board in December 2005, was appointed Deputy Chairman in October 2007 and Chairman in February 2008. He is Chairman and a Non-executive Director of Bluescope Steel Limited and a Director of Djerriwarrh Investments Limited. Graham was a Non-executive Director of Brambles from December 2000 until March 2004, when he retired because of commitments in his past role as Chairman of National Australia Bank Limited. He has also been the Chief Executive Officer of Pacific BBA and Southcorp Limited, a member of the Board of the Reserve Bank of Australia and a Non-executive Director of News Corporation. Graham has a Bachelor of Economics degree from Adelaide University. He is an Officer of the Order of Australia. Age: 70.



LUKE MAYHEW NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of Remuneration Committee

Joined Brambles as a Non-executive Director in August 2005. Luke is a Non-executive Director and Chairman of the Remuneration Committee of InterContinental Hotels Group. He was a Non-executive Director of WH Smith until August 2010, Chairman of Pets at Home Group Limited until March 2010 and Chairman of the British Retail Consortium between 2009 and 2011. Luke was a Director of John Lewis Partnership from 1992 to 2004. He previously held senior positions at Thomas Cook, British Airways and Shandwick. He has a Bachelor of Arts (Honours) degree from Oxford University and a Master of Economics degree from the University of London. He is a Trustee of BBC Children in Need. Age: 60.



BRIAN SCHWARTZ AM NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Remuneration Committee

Joined Brambles as a Non-executive Director in March 2009. He is Chairman and a Non-executive Director of Insurance Australia Group Limited and Deputy Chairman and a Non-executive Director of Westfield Group and Football Federation Australia. In March 2009, he retired as Chief Executive Officer of Investec Bank (Australia) Limited. Having joined Ernst & Young in 1979, Brian became a partner in 1985. From 1998 to 2004 he was Chief Executive Officer of Ernst & Young Australia and a member of the Ernst & Young Global Executive Board. Brian is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He is a Member of the Order of Australia. Age: 60.

EXECUTIVE LEADERSHIP TEAM (at 30 June 2013)



TOM GORMAN CHIEF EXECUTIVE OFFICER

Chairman of Executive Leadership Team

Joined Brambles as Group President, CHEP EMEA in March 2008 and became Chief Executive Officer in November 2009. Previously, Tom had a long career with the Ford Motor Company, and served as President, Ford Australia from March 2004 until January 2008. Before joining Ford, he worked for the Bank of Boston. Tom holds a Bachelor of Arts degree in Economics & International Relations from Tufts University, Massachusetts and a Master of Business Administration degree with distinction from Harvard Business School, Massachusetts. Age: 53.



JEAN HOLLEY CHIEF INFORMATION OFFICER

Joined Brambles in September 2011 from telecommunications services company Tellabs, Inc, where she was Executive Vice President & Chief Information Officer. Previously, Jean held roles including Vice President & Chief Information Officer at building materials group USG Corporation and senior information technology and information systems roles at environmental services company Waste Management Inc. Jean is also a member of the Board of Directors for VASCO Data Security International, Inc. She has a Master of Science degree in Computer Science & Engineering from the Illinois Institute of Technology and a Bachelor of Science degree in Computer Science & Electrical Engineering from the Missouri University of Science & Technology. Age: 54.

BOARD & EXECUTIVE LEADERSHIP TEAM - CONTINUED



PETER MACKIE GROUP PRESIDENT, PALLETS

Became Group President, Pallets in March 2013, having previously held the following Executive Leadership Team positions: Group President, Pallets Americas and Group President, CHEP Asia-Pacific. Previously, Peter held the positions of: Acting Group President, CHEP Europe, Middle East & Africa; President, CHEP Europe; Senior Vice President, Customer Service, CHEP Europe; Vice President, Strategy, CHEP Europe; and Managing Director, CHEP UK & Ireland. Before joining CHEP in 2001, Peter held senior roles with Boots and The BOC Group. Peter is a qualified chartered engineer and has a Master of Business Administration degree from London Business School. Age: 47.



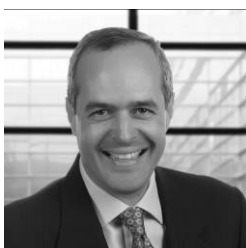
DOUG PERTZ GROUP PRESIDENT, RECALL

Joined Brambles as Group President, Recall, in April 2013 from Bolder US Sanitation Group, where he was Chairman and Chief Executive Officer. Prior to that, Doug served as Chief Executive Officer of a number of companies, including: Clipper Windpower, a utility-scale wind turbine manufacturer; IMC Global (now Mosaic Company), a leading miner and producer of concentrated phosphate, potash and salt for agricultural and industrial applications; and Culligan Water Technologies. He was previously a group executive at Danaher and held various international management roles with Cummins Engine Company and Caterpillar. Doug holds a Bachelor of Mechanical Engineering degree from Purdue University, Indiana, USA. Age: 57.



KARL POHLER GROUP PRESIDENT, RPCS

Became Group President, RPCs in October 2011, having been Chief Executive Officer, IFCO Systems, which Brambles acquired in March 2011, since August 2005. Karl was an executive member and Chief Executive Officer of the Board of Directors of IFCO from December 2000. Prior to joining IFCO, he was Chairman of the Board of Management of Computer 2000 AG, and, at the same time, European President of Computer 2000/Tech Data Corp. From 1997 to 1999, he served as Chief Executive Officer of Sony Deutschland GmbH. From 1993 to 1996, he chaired the Board of Management of Computer 2000 Deutschland GmbH. From 1980 to 1992, he was active in executive management functions for Digital Equipment GmbH. Karl will retire on 30 September 2013. Age: 59.



JASON RABBINO GROUP PRESIDENT, CONTAINERS

Joined Brambles in May 2012 from diversified industrial company Tyco International, where he was Senior Vice President of Enterprise Solutions. Previously, Jason held a number of senior executive roles in Tyco's ADT electronic security solutions business, managed services company Aramark Corporation and management consultancy McKinsey & Company. Before entering the corporate world, he was an officer and aviator in the United States Navy. He has a Master of Business Administration degree from the Wharton School of the University of Pennsylvania. Age: 44.



NICK SMITH GROUP SENIOR VICE PRESIDENT, HUMAN RESOURCES

Joined Brambles in November 2007. Previously, he was Group Human Resources Director for Inchcape, the international automotive retail group. Prior to this, Nick spent a number of years in the telecommunications industry, firstly with British Telecom and then with Cable & Wireless. During this period, Nick spent three years working for Cable & Wireless Optus in Australia, where he was Human Resources Director. He has also worked for KPMG and Macquarie Bank. Nick is a qualified management accountant, has a Bachelor of Science (Economics) degree in International Politics and a Master of Business Administration degree. Age: 52.



ZLATKO TODOROVSKI CHIEF FINANCIAL OFFICER

Joined Brambles as Chief Financial Officer in October 2012. Previously, Zlatko was Chief Financial Officer of oil and gas exploration and production company Oil Search Limited. Prior to that, he had a long international career with BHP and BHP Billiton including as Chief Financial Officer, Energy. Zlatko is a Fellow of CPA Australia and Fellow of Chartered Secretaries Australia. He holds a Master of Business Administration degree and a Bachelor of Commerce degree from the University of Wollongong, Australia. Age: 45.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Brambles is a global provider of Pooling Solutions and information management services and operates in more than 50 countries. It is therefore subject to an extensive range of legal, regulatory and governance requirements. Brambles is committed to observing the requirements applicable to publicly listed companies in Australia. The Board is conscious that best practice in the area of corporate governance is continuously evolving, and will therefore continue to anticipate and respond to further corporate governance developments.

This Corporate Governance Statement outlines the key components of Brambles' governance framework in place during the year ended 30 June 2013 (Year), by reference to the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Second Edition (CGPR). During the Year, the Board believes Brambles met or exceeded all the requirements of the CGPR. The information provided in this Corporate Governance Statement is current as at 31 July 2013.

A checklist summarising Brambles' compliance with the CGPR is included at the end of this Statement. Various documents referred to in this Statement have been posted in the "Corporate Governance" section of the Brambles website at www.brambles.com. The checklist includes more detailed guidance on the location of all the governance-related documents available at www.brambles.com.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 ROLE OF THE BOARD AND EXECUTIVE MANAGEMENT

1.1.1. Role of the Board and executive management

The Board has overall responsibility for overseeing the effective management and control of the Group on behalf of Brambles' shareholders, and supervising executive management's conduct of the Group's affairs within a control and authority framework which is designed to enable risk to be prudently and effectively assessed and monitored.

The Board has adopted a schedule of matters reserved to it for decision, a copy of which can be found at www.brambles.com, and further details of which are in section 1.1.2.

The roles of the Chairman and executive management, led by the Chief Executive Officer, are separated and clearly defined:

- The Chairman, Graham Kraehe, is responsible for leadership of the Board, setting the Board's agenda, conducting Board meetings, facilitating effective communication with shareholders and the conduct of shareholder meetings; and
- Executive management, led by the Chief Executive Officer, Tom Gorman, has been delegated responsibility for the management of Brambles within the control and authority framework referred to above. The levels of authority for management are periodically reviewed by the Board and are documented. The Chief Executive Officer is assisted by Brambles' Executive Leadership Team (ELT) and the USA and Asian Advisory Groups.

The Non-executive Directors constructively challenge the development of strategy. They review the performance of management in meeting agreed objectives and monitor the reporting of performance. They have a prime role in appointing and where necessary, recommending the removal of, Executive Directors, and in their succession planning.

The structure of the Board ensures that no individual or group of individuals dominates the Board's decision-making process.

The ELT, a management committee, assists in implementing Brambles' strategic direction, and ensuring its resources are well managed.

The ELT has a range of responsibilities, which include:

- Reviewing business and corporate strategies;
- Formulating major policies in areas such as succession planning and talent management, human and capital resources management, information technology, development of strategy, risk management, communications and post-investment project reviews;
- Leading initiatives which may from time to time vary, but include Zero Harm and innovation; and
- Leading the implementation of change processes.

Biographical details for the members of the ELT are shown on pages 17 and 18.

The function of the USA and Asian Advisory Groups, which are equivalent to management committees, are to assist management to develop Brambles' strategic direction in the USA and Asia respectively, and to strengthen Brambles' stakeholder relationships in those regions. The Chief Executive Officer is a member of both Advisory Groups. The other members comprise external persons with relevant business and industry experience in, and senior executives of Brambles with operating or functional responsibility for, the applicable region. The Advisory Groups meet four times a year.

1.1.2. Responsibilities of the Board

The Board is responsible for approving the Group's overall strategic objectives, facilitating the provision of appropriate financial and human resources to meet these objectives and reviewing executive management's performance.

The schedule of matters reserved to the Board for approval includes:

- The Group's overall strategic direction and strategic plans for its major business units;
- Acquisitions or disposals of assets which exceed the authority limits delegated to the Chief Executive Officer and Chief Financial Officer;
- Budgets, financial objectives and policies, and significant capital expenditure;
- Brambles' financial statements and published reports;
- The Group's systems of internal control and risk management processes, and the annual review of their effectiveness;
- Changes to the Group's capital structure (other than changes resulting from established employee share plans);
- The appointment of key senior executives;
- The Group's Diversity Policy; and
- The Board skills matrix.

The Board has delegated some of its functions to the Audit, Nominations and Remuneration committees, although overall responsibility for those functions remains with the Board. The charters of the Board committees also require certain matters to be approved by the Board including, among other matters, the executive remuneration policy and the appointment of the external auditors. Details of the Board committees are set out in sections 2.4, 4.1 and 8.1 and the committee charters can be found at www.brambles.com. From time to time, the Board establishes special committees to consider and approve specific matters. The Board is also supported by the ELT (see section 1.1.1.).

1.1.3. Allocation of individual responsibilities

Formal letters of appointment, which are contracts for service but not contracts of employment, have been put in place for all Non-executive Directors. The letters set out the key terms and conditions of their engagement, including time commitments, corporate expectations and, if appropriate, any special duties or assignments. A template letter of appointment for a Non-executive Director is available at www.brambles.com.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Senior executives have employment contracts setting out, amongst other things, their term of office, rights, responsibilities and entitlements on termination, and job descriptions setting out their duties.

1.2 PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

Brambles has a well-established performance management and development planning process, which is used throughout the Group. The process involves objective setting consistent with Brambles' remuneration policy and targets for cash and equity-based incentive plans set by the Remuneration Committee. Personal development planning, half year reviews and full year appraisals feed into a performance rating, leading to the assessment of annual bonuses. Senior executives (including Executive Directors and the ELT) all participate in this process, which is overseen by the Remuneration Committee.

Performance evaluations for senior executives, including the Chief Executive Officer and the ELT, were carried out during the Year in accordance with this process.

1.2.1. Induction of senior executives

Business units have procedures for the induction of senior executives, to assist them in participating fully and actively in management decision-making at the earliest opportunity after commencing their new roles.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

At the date of the Directors' Report, the Board consists of ten members, with one Executive Director (the Chief Executive Officer) and nine Non-executive Directors. The former Chief Financial Officer, Greg Hayes, retired as an Executive Director on 1 October 2012. The biographies for each of the current Directors, shown on pages 16 and 17, indicate the breadth of their business, financial and international experience. This gives the Directors the range of skills, knowledge and experience essential to govern Brambles, including an understanding of the health, safety, environmental and community related issues which it faces. The Board considers that its current composition reflects an appropriate balance of Executive and Non-executive Directors.

The table below sets out the names of the Directors in office at the date of the Directors' Report, the years of their appointment and, where applicable, their most recent election by shareholders, their status as Executive or Non-executive Directors, whether they will

Name	Year appointed ¹	Year last elected	Executive or Non-executive	Independent	Seeking re-election in 2013 ²	Next due for re-election ²
D G Duncan	2012	2012	Non-executive	Yes	No	2014
A G Froggatt	2006	2011	Non-executive	Yes	Yes	2013
T J Gorman	2009	2010	Executive	No	No	N/A ³
D P Gosnell	2011 ⁴	2012	Non-executive	Yes	Yes	2013
T Hassan	2011	2012	Non-executive	Yes	No	2014
S P Johns	2004	2012	Non-executive	Yes	No	2014
S C H Kay	2006	2012	Non-executive	Yes	No	2015
G J Kraehe AO	2005 ⁵	2012	Non-executive	Yes	No	2015
C L Mayhew	2005	2010	Non-executive	Yes	Yes	2013
B M Schwartz AM	2009	2012	Non-executive	Yes	No	2015

retire and seek election or re-election at the 2013 Annual General Meeting (AGM), and when they are next due for re-election.

2.1 INDEPENDENT DIRECTORS

2.1.1. Independent decision-making

The Board recognises the importance of independent judgement and constructive debate on all issues under consideration. With the approval of the Chairman, Directors may take independent professional advice at Brambles' expense in the furtherance of discharging their duties and responsibilities. None of the Directors availed themselves of this right during the Year.

The Chairman holds meetings with the Non-executive Directors from time to time, including meetings at scheduled sessions, without the presence of the Executive Directors or other executives. The Non-executive Directors meet without the Chairman present on such occasions as they considered appropriate.

2.1.2. Independent Directors

The Board has considered the independence of each of the Directors in office as at the date of the Directors' Report and concluded that all Non-executive Directors are independent. Therefore the Board has a majority of independent Directors. In reaching this conclusion, the Board had regard to the relationships set out in Box 2.1 of the CGPR and noted that one of these relationships exists.

Carolyn Kay is a director of the Commonwealth Bank of Australia (CBA), which, at various times during the Year, was a substantial shareholder of Brambles. The Board noted that, except for 2,446,655 shares (being 0.157% of Brambles' issued share capital at the date of this Statement), CBA's relevant interests in Brambles shares are exercised either as a superannuation trustee; a life company holding statutory funds; a responsible entity or manager of a managed investment scheme; under an investment mandate; by external managers unrelated to the CBA group; or subject to client direction. The Board does not consider that Carolyn Kay's relationship with CBA gives rise to any actual or perceived loss of independence on her part because of the manner in which CBA's relevant interests in Brambles shares are held.

In considering the matters in Box 2.1 of the CGPR, the Board considered that a customer was material if it accounted for more than 2% of Brambles' consolidated gross revenue and that a supplier was material if Brambles accounted for more than 2% of the supplier's consolidated gross revenue.

¹ For the purposes of this table, the year appointed is the year the relevant Director was first elected to the Boards of Brambles or BIL and BIP, as the case may be.

² See section 2.4.5 for an explanation of the determination of the years when Non-executive Directors are due for re-election.

³ Following an amendment to Brambles' constitution which was approved by shareholders at the 2010 AGM, it is no longer necessary for the managing director of Brambles to stand for re-election. Tom Gorman holds the role of managing director, but is referred to by the title of Chief Executive Officer.

⁴ David Gosnell also served as a Director from 2006 to 2010, and re-joined the Board in 2011.

⁵ Graham Kraehe also served as a Director from 2000 to 2004 and re-joined the Board in 2005.

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2.1.3. Regular assessments

Directors are required to complete a declaration of interest form prior to their appointment. This form is tabled at the Board meeting to consider the appointment of the relevant Director. If their circumstances change or they acquire any office, property or interest which may conflict with their office as a Director of Brambles or the interests of Brambles, Directors are required to disclose its character and extent in writing at the next Board meeting. The Board also makes an annual assessment of the independence of each Non-executive Director. If the Board concludes that a Director has lost their status as an independent director, that conclusion will be advised to the market in a timely manner.

Directors are generally not entitled to attend any part of a Board meeting, or to vote on any matter, in which they have a material personal interest unless the other Directors unanimously decide otherwise. In appropriate cases, Directors may be required to absent themselves from a meeting of the Board while such a matter is being considered.

2.2 INDEPENDENT CHAIRMAN

The Board has concluded that the Chairman is independent and that his other positions do not prevent him from devoting sufficient time to perform the role effectively. As the Chairman is independent, the Board does not consider it necessary to appoint a lead independent Director.

The Chairman is responsible for facilitating the effective contribution of Non-executive Directors, who are to receive accurate, timely and clear information so that they may effectively discharge their duties and responsibilities. The Chairman is also responsible for fostering constructive relations between Executive and Non-executive Directors.

2.3 ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are exercised by two different individuals and are clearly documented, as discussed in section 1.1.1 of this Statement. The Chairman does not have a history of employment with Brambles.

2.4 NOMINATIONS COMMITTEE

2.4.1. Purpose of the Nominations Committee

The objective of the Nominations Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors.

2.4.2. Charter

A copy of the Nominations Committee's Charter giving full details of its duties and responsibilities can be found at www.brambles.com.

The Nominations Committee's Charter also sets out its composition, structure, membership requirements and the procedures for inviting non-members to attend meetings. The Committee is authorised to seek any information it requires from any Group employee or from any other source, including obtaining outside legal or other independent professional advice.

2.4.3. Composition of the Nominations Committee

The Nominations Committee is comprised entirely of Non-executive Directors, all of whom the Board considers to be independent.

The members of the Nominations Committee are Graham Kraehe (Committee Chairman), Stephen Johns and Tony Froggatt.

Details of Nominations Committee meetings held during the Year, and attendance at those meetings, is set out in the Directors' Report - Other Information on page 51.

2.4.4. Responsibilities

The Nominations Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- Assessing periodically the Board skills matrix to determine that it includes the skills required to discharge competently the Board's duties, having regard to the strategic direction of the Group, and making recommendations to the Board on any changes which should be made to that matrix;
- Having regard to the Board skills matrix, assessing the skills currently represented on the Board to determine whether those current skills meet the required skills identified;
- Reviewing the structure, size and composition (including the mix of skills, experience, expertise and diversity having regard to the Board skills matrix) of the Board and the effectiveness of the Board as a whole, and keeping under review the leadership needs of Brambles, both executive and non-executive, with a view to ensuring the continued ability of Brambles to compete effectively in the marketplace;
- Preparing a description of the role, capabilities and skills required for any Board appointment (Role Specification), identifying suitable candidates to fill Board vacancies, and nominating candidates for the approval of the Board;
- In identifying suitable candidates for a Board appointment, if necessary, causing:
 - > A search to be undertaken by an appropriately qualified independent third party acting on a brief prepared by the Nominations Committee, which includes the Role Specification;
 - > The search to be international, extending to those countries in which candidates with the necessary skills would ordinarily be expected to be found; and
 - > The pool of candidates to include qualified persons who would fill an existing diversity gap having regard to the Board skills matrix, Brambles' Diversity Policy (see section 3.2) and the diversity objectives adopted by the Board from time to time;
- Ensuring that, on appointment, Non-executive Directors receive a formal letter of appointment, setting out the time commitment and responsibilities envisaged in the appointment;
- On any re-appointment of a Non-executive Director on the conclusion of their specified term of office, undertaking a process of review of the retiring Non-executive Director's performance during the period from their appointment or most recent re-appointment, as the case may be, to the Board;
- Reviewing annually the time commitment required of Non-executive Directors and carrying out performance evaluations to assess whether the Non-executive Directors are devoting enough time to fulfilling their duties; and
- Giving full consideration to whether succession plans are in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board, and satisfying itself that processes and plans are in place in relation to both Board (particularly for the key roles of Chairman and Chief Executive Officer) and other senior executive appointments.

2.4.5. Selection and appointment process and re-election of Directors

The Board is conscious of the need to ensure that proper processes are in place to deal with succession issues at Board level. As set out in section 2.4.4., the Nominations Committee assists the Board in the Board selection process, which involves the use of a Board skills matrix.

The Nominations Committee has adopted a Board skills matrix. The matrix incorporates the following elements: function (finance, accounting, operations); international management (Americas, Europe, Asia); industry (logistics, retail, fast moving consumer goods); diversity (male/female, international residency, regional/cultural background); and customer perspectives. In adopting the matrix, the Nominations Committee noted that it was an iterative document and would be reviewed and revised from time

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to time to meet Brambles' ongoing needs. During the Year, the Nominations Committee carried out a review of the Board skills matrix and determined that no changes to it were required.

With the appointment of three new Directors (Doug Duncan, David Gosnell and Tahira Hassan) to the Board during the 2012 Year, the Board considers that, having regard to the Board skills matrix, the current composition of the Board is an appropriate balance of skills and experience. Notwithstanding this, the Nominations Committee has determined it would be desirable to appoint, at an appropriate time, an additional Non-executive Director with an international retail background.

Each Non-executive Director receives a Non-executive Director's formal letter of appointment (see section 1.1.3.) which sets out, among other things, the time commitment required and specifies that the Director should consult with the Chairman before accepting any additional commitments which may impact on their role. Any Non-executive Directors who are standing for election or re-election at the next AGM are asked to consider their other significant commitments and specifically acknowledge to Brambles that they will have sufficient time to meet what is expected of them as Directors of Brambles. Details of the number of Board and committee meetings held during the Year, including attendance at those meetings by each of the Directors and committee members, are set out in the Directors' Report - Other Information on page 51.

Directors are appointed for an unspecified term, but are subject to election by shareholders at the first general meeting after their initial appointment by the Board. No Director (other than the Chief Executive Officer) may serve for more than three years without being re-elected by shareholders. Re-appointment is not automatic. The Board reviews whether retiring Directors should stand for re-election, having regard to their performance and the contribution of their individual skills and experience to the desired overall composition of the Board and the Board's skills matrix.

At the 2012 AGM, seven Non-executive Directors were elected or re-elected to the Board. As a result, they would all be eligible to stand for re-election at the 2015 AGM. To enable a more even number of Non-executive Directors to be eligible to stand for re-election at the next three AGMs, the Board decided that the year in which they would be eligible to stand for re-election would be determined by lot. The result of that lot, and the order in which Non-executive Directors will be eligible to stand for re-election, are set out in the table in Section 2.1.2 on page 20.

The Non-executive Directors' formal letters of appointment confirm that the Non-executive Directors have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

2.5 PROCESS FOR EVALUATING THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board and its committees carry out both internal and external evaluations, with the form of evaluation being determined each year. For the Year, the Board undertook an internal evaluation of its performance as a whole and the performance of each of its committees.

The review involved the completion of a detailed questionnaire by each of the Directors and selected Brambles executives and Board advisors on matters relevant to the Board and Committees' performance.

The outcomes of the questionnaires were collated and the results were reported to the Board and each Committee by PricewaterhouseCoopers. These findings were reviewed and discussed by the Board and Committees, and key issues arising from the evaluations were identified for further action.

An internal evaluation of the performance of each Non-executive Director, including those standing for re-election at the 2013 AGM, was also conducted. The Chairman reviewed the results of the performance evaluations with each Director, and reported on the

results of those evaluations. The Board unanimously resolved to recommend each Non-executive Director's re-election. The Chairman of the Audit Committee reviewed the results of the Chairman's performance evaluation with him and the Board. Details of those Directors standing for re-election, are set out in the table in section 2.1.2 on page 20.

2.5.1. Induction and education

Newly appointed Directors receive appropriate induction and training, specifically tailored to their needs. Appointees are provided with an information pack including governance policies and business information, taken to visit operating sites and receive presentations on Brambles' businesses and functions by its business unit leaders and functional heads.

On an ongoing basis, Directors participate in various seminars and conferences held by industry and professional bodies. In addition, Board meetings regularly include sessions on recent developments in governance and corporate matters, significant accounting matters, operational site visits and meetings with local staff and major customers.

2.5.2. Access to information

The Board receives accurate, timely and clear information so that it may effectively discharge its duties and responsibilities. Where necessary, Directors seek clarification or request the provision of further information to assist with their decision-making processes. The Board committee charters document the committees' unrestricted rights to seek information from any Group employee or from any other source. Presentations to the Board are frequently made by senior executives.

2.5.3. The Board and the Company Secretary

The Board is assisted by the Company Secretary who, under the direction of the Chairman, is responsible for facilitating good information flows within the Board and its committees and between senior executives and Non-executive Directors, as well as the induction of new Directors and the ongoing professional development of all Directors. The Company Secretary is responsible for monitoring compliance with the Board's procedures and for advising the Board, through the Chairman, on all governance matters. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board.

The Company Secretary is Robert Gerrard. His qualifications and experience are set out on page 51.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 ESTABLISH A CODE OF CONDUCT

Brambles has a Code of Conduct, which provides an ethical and legal framework for all employees in the conduct of Brambles' business.

Brambles' Code of Conduct includes the following schedules:

- Corporate Social Responsibility Policy;
- Speaking Up Policy;
- Continuous Disclosure & Communications Policy;
- Group Guidelines for Serious Incident Reporting;
- Environmental Policy;
- Competition Compliance Policy;
- Health & Safety Policy;
- Diversity Policy;
- Securities Trading Policy;
- Risk Management;
- Guidelines for Document Management; and
- Social Media Policy.

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A Supplier Policy was developed during the Year and formally adopted subsequent to the end of the Year and will be added to the Code of Conduct during FY14.

The policies listed above set out the reporting responsibilities of specified individuals, or in some cases, all employees. The Audit Committee is responsible for monitoring compliance with the Speaking Up Policy. At each meeting, the Audit Committee receives a report on investigations into any matters raised under that policy relating to financial control issues. A report on all matters raised under the Speaking Up Policy is provided to the Board at each of its meetings. A copy of the Code of Conduct is available on www.brambles.com.

3.1.1. Purpose of the Code of Conduct

The Code of Conduct defines how Brambles relates to its shareholders, employees, customers, suppliers and the communities in which it operates. It includes Brambles' general principles on business integrity. All employees are expected to conduct business in accordance with the laws and regulations of the countries in which the business is located, and in a manner so as to enhance the reputation of Brambles.

3.1.2. Application of the Code of Conduct

The Code of Conduct has been translated into 20 languages. This means that all Brambles' employees can read the Code in their first language. The Code of Conduct can also be used to form part of employees' terms and conditions of employment. Non-executive Directors are required to agree to comply with the Code of Conduct and to acknowledge that their performance assessments will include an element on conformity with the Code.

The Code of Conduct is not intended to be all-encompassing. There are areas in which Brambles expects its businesses to develop detailed policies in accordance with local requirements. The Code of Conduct provides a set of guiding principles that may be supplemented with additional local policies. It provides a common behavioural framework.

Brambles implements the Code of Conduct through a variety of induction and training programs. During the Year, ongoing training took place with the aim of enhancing employees' compliance with certain of the policies under the Code.

The Code of Conduct requires Brambles' contractors to adhere to Brambles' health and safety, environmental and serious incident reporting standards and requires consultants or professional advisers who are engaged to undertake work for the Group to comply with the Continuous Disclosure & Communications Policy.

3.2 ESTABLISH A DIVERSITY POLICY

The Board has adopted a Diversity Policy which forms part of Brambles Code of Conduct. (Previously, many aspects of the Diversity Policy were covered under the Group's employment and equal opportunity policies.) When adopting the policy, the Board believed that it should deal with diversity across a range of issues and not be solely limited to gender.

Brambles' vision statement for diversity, set out in the policy, is:

- Brambles is committed to creating and maintaining a culture which delivers outstanding performance and results.
- Diversity is essential to Brambles' long term success. Brambles values and fosters diversity because it allows:
 - > Customers' needs, both today and in the future, to be recognised and addressed;
 - > All employees to feel valued and able to perform to their best; and
 - > Brambles to have access to the widest possible talent pool.

The Diversity Policy provides, amongst other things, that:

- Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional

capability and qualifications, irrespective of gender, ethnicity, nationality, class, colour, age, sexual identity, disability, religion, marital status or political opinion;

- Brambles selects, retains and develops the best people for the job on the basis of merit and job related competencies - without discrimination;
- Where appropriate, Brambles will engage external agencies to assist it in the identification, selection and assessment of candidates;
- Brambles will continue to develop talent management programs such as:
 - > Development programs for senior executives;
 - > Development programs for next generation leaders; and
 - > Mentoring programs; and
- On an annual basis, the Board will review and report on the:
 - > Relative proportion of women and men in the workforce at all levels;
 - > Statistics and trends in the age, nationality and professional backgrounds of Brambles' executive population;
 - > Measurable objectives for achieving gender and nationality diversity; and
 - > Progress towards achieving those objectives.

3.3 GENDER DIVERSITY OBJECTIVES

The schedule of matters reserved to the Board was amended in 2011 to add the following Board responsibilities:

- Determining measurable objectives for achieving gender diversity and annually assessing both the objectives and the progress towards achieving them
- Annually review and report on the relative proportion of women and men in the workforce at all levels of the Group.

Brambles had previously committed to establishing diversity targets during 2011 in its 2010 Sustainability Report. In considering the measurable objectives for achieving diversity, the Company considered a number of areas that it believed were important to both demonstrate and achieve a diverse workforce. These included:

- Nationality - Brambles believes that it is essential that its employees represent the communities in which they operate. The Company already has a high representation of different nationalities in its employee population. The general managers and executive teams in each of the countries in which Brambles operates are made up almost entirely of people of that nationality. Brambles monitors this through its bi-annual talent management process with a view to continuing the process and expanding the access of differing nationalities to its global operations.
- Professional background - Brambles also believes that its employees should be able to relate to the Company's customers. It therefore recruits extensively from the sectors in which it operates, to ensure that the Company has the right blend of skills and experience. This aspect of diversity is also monitored through the bi-annual talent management process.
- Gender - Brambles believes that its executive population should reflect the overall balance of employees in its organisation. This is the best measure for Brambles, as it has a large proportion of employment activities in heavy manual duties, and therefore an overall workforce that is predominantly male.

As at 31 July 2013, women comprise 20% of its Board and 25% of its management (which is defined as the manager, director, vice president and senior vice president grades). In calculating these percentages, Brambles included each permanent employee on the payroll, but excluded casual employees and contractors.

During 2011, Brambles adopted a measurable objective for women to represent 30% of its Board and across the ELT and management

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positions by 30 June 2015. At the time these targets were set, the integration into the Group of the recently acquired IFCO, Paramount Pallets and the CHEP Aerospace businesses was taking place and a complete analysis of the gender diversity within those businesses had not yet occurred. It has since become apparent that Brambles will need additional time to meet the targets set in 2011. As a result, during the 2012 Year the measurable objective of having women represent 30% of its management positions has been revised to 30 June 2018. The objective of having women represent 30% of Board and ELT positions by 30 June 2015 remains unchanged.

3.4 GENDER DIVERSITY REPORTING

Each year, Brambles will publish the composition of its executive population by grade against this target, showing progress year on year. The position at 31 July 2013 is as follows:

	2018 Objective ⁶	% Females at 31 July 2013 ⁷	% Females at 30 June 2012 ⁷
Board	30%	20.0%	18.2%
Executive Leadership Team	30%	12.5%	11.1%
Senior Vice President	30%	15.6%	21.8%
Vice President	30%	11.7%	10.7%
Director	30%	21.3%	21.8%
Manager	30%	26.8%	28.3%

Further information on diversity is included in the Diversity & Inclusion section of the Sustainability Review, which will be available at www.brambles.com from the end September 2013.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 ESTABLISH AN AUDIT COMMITTEE

Brambles confirms that, in accordance with ASX Listing Rule 12.7, it has had an Audit Committee throughout the Year.

4.1.1. Purpose of the Audit Committee

The objective and purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

- Monitoring and reviewing:
 - > The integrity of financial statements;
 - > Internal financial controls;
 - > The objectivity and effectiveness of the internal auditors; and
 - > The independence, objectivity and effectiveness of the external auditors;
- Making recommendations to the Board in relation to the appointment or removal of the external auditors, the approval of their remuneration and the terms of their engagement, including the rotation of external audit engagement partners;
- Assessing whether the Committee is satisfied that the independence of the external auditors has been maintained, having regard to any non-audit related services;
- Reviewing and monitoring the policy on the engagement of the external auditors to supply non-audit services (set out in the Charter of Audit Independence, a copy of which can be found

⁶ The objective of having women represent 30% of Board and ELT positions by 30 June 2015 remains unchanged.

⁷ The percentages for senior vice president, vice president, director and manager exclude the employees of IFCO RPCs and Paramount Pallets which, as recent acquisitions, have not yet completed the banding classification process into senior vice president, vice president, director and manager categories.

at www.brambles.com), taking into account relevant legal and ethical guidance regarding the provision of non-audit services by the external auditors; and

- Reporting to the Board, identifying any matters relating to the above in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

4.2 STRUCTURE OF THE AUDIT COMMITTEE

4.2.1. Composition of the Audit Committee

The Audit Committee has four members and is chaired by Stephen Johns, an independent Director.

4.2.2. Importance of independence

The Audit Committee is comprised entirely of Non-executive Directors, all of whom the Board considers to be independent.

4.2.3. Technical expertise

The Board considers that each of the members of the Audit Committee has recent and relevant financial and accounting experience and an understanding of accounting and financial issues relevant to Brambles.

The members of the Audit Committee as at 31 July 2013, including details of their relevant qualifications, are as follows:

- Stephen Johns had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He is the former Chairman of Leighton Holdings Limited and Spark Infrastructure Group and a former Executive and Non-executive Director of the Westfield Group. He has a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.
- Doug Duncan is a Non-executive Director and a member of the Audit Committee of JB Hunt Transport and Benchmark Electronics. From 2001 until his retirement in 2010, Doug was President and CEO of FedEx Freight and prior to that he spent more than 20 years with the company that ultimately became Viking Freight, where he held senior executive roles including President & CEO from 1998 to 2001, when FedEx acquired Viking. Doug holds a Bachelor of Science degree in Business Administration from Christopher Newport University, Virginia.
- David Gosnell is President of Global Supply & Procurement for Diageo plc, leading a global team of 9,000 people across manufacturing, logistics and technical operations as well as managing Diageo's multi-billion sterling procurement budget. David was a Non-executive Director of Brambles from June 2006 until March 2010, when he retired due to his other commitments at that time. Prior to joining Diageo, David spent 20 years at HJ Heinz where he served on the UK board and held various European operational positions. He holds a Bachelor of Science degree in Electrical and Electronic Engineering from Middlesex University, England.
- Carolyn Kay is a Non-executive Director and a member of the Audit Committee of Commonwealth Bank of Australia, Infrastructure NSW and an External Board Member of Allens. She has more than 25 years' experience in the finance sector and worked as an executive in finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and as a finance lawyer at Linklaters & Paines in London. Carolyn holds Bachelor degrees in Law and Arts from the University of Melbourne and a Graduate Diploma in Management from the Australian Graduate School of Management. She is a Fellow of the Australian Institute of Company Directors.

Stephen Johns, Doug Duncan, David Gosnell, Tony Froggatt and Carolyn Kay, independent Non-executive Directors, were members of the Audit Committee throughout the Year. Tony Froggatt retired as a member of the Audit Committee with effect from 1 July 2013

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due to his appointment to the Remuneration Committee on the same date.

4.3 AUDIT COMMITTEE CHARTER

4.3.1. Charter

The Audit Committee has a Charter which includes its duties and responsibilities, composition, structure, membership requirements, authority, access rights and sets out a procedure for inviting non-members to attend its meetings. The Charter requires the Audit Committee to meet with internal and external auditors at least once a year without executive management being present. A copy of the Audit Committee's Charter, which is reviewed annually, can be found at www.brambles.com.

4.3.2. Responsibilities

The Audit Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- Reviewing, and challenging where necessary, the actions and judgment of management in relation to full year and half year financial reports and other announcements relating to those reports prepared for release to the ASX, regulators and the public, before making appropriate recommendations to the Board;
- Reviewing the audit plans of the internal auditors, including the scope and materiality level of their audits; monitoring compliance with, and the effectiveness of, the audit plans of the internal auditors; reviewing reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings, and reports from the internal auditors on the implementation of those action plans; and facilitating an open avenue of communication between the internal auditors, the external auditors and the Board;
- Reviewing the audit plans of the external auditors, including the nature, scope, materiality level and procedures of their audits; monitoring compliance with, and the quality and effectiveness of, the audit plans of the external auditors; and reviewing reports from the external auditors in relation to their major audit findings, management responses and action plans in relation to those findings, and reports from the external auditors on the implementation of those action plans; and
- Reviewing and recommending to the Board the fees payable to the external auditors, monitoring compliance with the Charter of Audit Independence and pre-approving the performance by the external auditors of any non-audit related work and any proposed fees to be paid to the external auditors for that work, for which its approval is required by the Charter of Audit Independence. The Charter divides non-audit work into three categories: work which must be approved by the Chief Financial Officer (if fees will fall below specified limits); work which must be approved by the Audit Committee; and work which is prohibited. Prior consultation with, and approval of the Chief Financial Officer or Audit Committee, as prescribed by the Charter, is required whenever management recommends that the external auditors undertake non-audit work. Internal accounting, valuation services, actuarial services and internal audit services must not be performed by the external auditors.

The Audit Committee is also responsible for monitoring the Brambles Speaking Up Policy, that it is communicated properly and complied with throughout Brambles, and for monitoring that appropriate protection against victimisation and dismissal is given to Brambles employees who make certain disclosures in the public interest.

4.3.3. Meetings

Details of the number of Audit Committee meetings held during the Year, and attendance at those meetings, are set out in the Directors' Report - Other Information on page 51. Audit Committee papers are provided to all Directors and minutes of meetings are included in the papers for subsequent Board meetings. There is also

an open invitation for all Directors to attend Audit Committee meetings. Directors who are not members of the Audit Committee regularly attend its meetings. From the 2012 financial year, all Directors are required to attend the Audit Committee meetings at which the half and full-year financial statements are considered.

4.3.4. Reporting

The Chairman of the Audit Committee reports to the Board on the Committee's proceedings and on all matters relevant to the Committee's duties and responsibilities.

4.4 EXTERNAL AUDITOR

PricewaterhouseCoopers has been engaged by the Board to act as external auditors to Brambles since the 2002 financial year. Under the terms of engagement, the Australian audit engagement partners rotate every five years. Paul Bendall was appointed as lead audit engagement partner in the 2012 financial year.

The Audit Committee is responsible for making recommendations to the Board on the selection, appointment, evaluation and removal of external auditors, setting fees and ensuring that the external auditors' engagement partners are rotated at appropriate intervals.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 ESTABLISH A CONTINUOUS DISCLOSURE POLICY

Brambles is committed to the promotion of investor confidence by taking all steps within its power to ensure that trading in its securities occurs in an efficient and informed market. Brambles recognises the importance of effective communication as a key part of building shareholder value, and that to prosper and grow, it must earn the trust of shareholders, employees, customers, suppliers and communities, by being open in its communications and consistently delivering on its commitments.

The Board has adopted a Continuous Disclosure & Communications Policy to:

- Reinforce Brambles' commitment to the continuous disclosure obligations imposed by law and to describe the processes Brambles implements to ensure compliance;
- Outline Brambles' corporate governance standards and related processes and ensure that timely and accurate information about Brambles is provided equally to all shareholders and market participants; and
- Outline Brambles' commitment to communicating effectively with shareholders and encouraging shareholder participation in shareholder meetings.

To achieve the above objectives and satisfy regulatory requirements, the Board provides information to shareholders and other market participants in several ways:

- Brambles releases significant announcements directly via the ASX and immediately places copies on www.brambles.com;
- Brambles conducts investor and analyst briefings as a part of its investor relations programme. No new materials or price sensitive information is provided at those briefings unless it has been previously or is simultaneously released to the market. Brambles posts all presentation materials on www.brambles.com; and
- Brambles' website contains further information about Brambles and its activities, including copies of recent interim and annual reports and recordings and slides of recent presentations to analysts.

The Continuous Disclosure & Communications Policy takes into account the matters listed in Box 5.1 of the CGPR. A copy can be found at www.brambles.com.

5.1.1. Commentary on financial results

The Audit Committee Charter requires the Committee to review the clarity of financial reports.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

A review of operations and activities for the Year is included on pages 2 to 13. Brambles makes presentations, which are reviewed and approved by the Board in accordance with the Company's continuous disclosure procedures, of the full and half-year results to the investment community immediately after the public release of those results. Brambles webcasts these presentations live and posts copies of the associated presentation materials on www.brambles.com.

5.1.2. Eliminating surprise on termination entitlements

Details of the termination entitlements of Brambles' Chief Executive Officer, Chief Financial Officer and other Key Management Personnel are disclosed on pages 39 and 40 of the Directors' Report - Remuneration Report.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Shareholders play an important role in the governance of Brambles by electing the Board, whose task it is to govern on their behalf.

The Chairman regularly meets major investors to understand their issues and concerns and discuss particular matters relating to Brambles' governance and strategy. The Chief Executive Officer, Chief Financial Officer and other senior executives regularly meet investors and other market participants to understand their issues and concerns and discuss Company performance and strategy. No new material or price sensitive information is provided at such meetings. Other Non-executive Directors may attend meetings with major investors if requested. The Chairman reports to the Board on the matters discussed at meetings with major investors and copies of relevant correspondence are included in the Board papers. Executive management provides information on shareholder activity and trading to the Board, along with shareholder feedback and copies of analysts' reports.

6.1 ESTABLISH A COMMUNICATIONS POLICY

As disclosed in section 5.1, the Board has adopted a Continuous Disclosure & Communications Policy, which outlines Brambles' commitment to communicating effectively with shareholders and encouraging shareholder participation in shareholder meetings.

A copy can be found at www.brambles.com.

6.1.1. Electronic communication

Brambles takes all of the measures outlined in Box 6.1 of the CGPR to make effective use of electronic communication with stakeholders.

Brambles posts a copy of all announcements made to the ASX on www.brambles.com. On release, significant announcements are highlighted in the "Latest News" area on the home page of www.brambles.com.

Presentations to investors, analysts or media during briefings and copies of speeches and presentations made by the Chairman and Chief Executive Officer at general meetings are released as regulatory announcements and posted on www.brambles.com after release. Briefings and general meetings are also webcast live, via www.brambles.com. All of the ASX regulatory releases and notices of meetings that Brambles Limited has published since it was listed in December 2006 are available on www.brambles.com.

Shareholders are encouraged to provide an email address to Brambles' share registry so that they can be sent an electronic notification when a communication is available on www.brambles.com, rather than a hard copy. Brambles believes shareholders benefit from electronic communication as they receive information promptly and have the convenience and security of electronic delivery. Electronic communication is also environmentally friendly and generates cost savings. Shareholders who do not specify a preferred method of communication are posted a printed notification of availability of the annual report and hard copies of all other communications.

Shareholders may electronically appoint proxies and lodge proxy instructions for items of business to be considered at general meetings, or have the option of lodging direct votes.

6.1.2. Meetings

AGMs provide an opportunity for the Board to communicate with investors, through presentations on Brambles' businesses and current trading. Shareholders are encouraged to attend AGMs and to participate and use the opportunity to ask questions on any matter.

To make better use of the limited time available, shareholders are invited to register questions and issues of concern prior to AGMs. This can be done either by completing the relevant form accompanying the notices convening the meetings or by emailing Brambles at shareholderquestions@brambles.com. Answers to frequently asked questions are given during presentations to AGMs. Shareholders may also ask questions at AGMs without having registered their questions in this manner.

6.1.3. Communication with beneficial owners

Beneficial owners of shares, investors or members of the public are encouraged to register for free email alerts, so that they may stay up to date on major news announcements made by Brambles. There is a link to the "Email Alerts" registration area of the website on the home page of www.brambles.com. Users of the email alerts service may customise the types of announcements that they receive.

6.1.4. Website

As noted in sections 6.1.1 and 6.1.3, Brambles communicates with shareholders via electronic methods, including www.brambles.com. Brambles website contains the financial results for the Year as well as more detailed information about Brambles' business operations.

6.1.5. Briefings

Brambles follows a calendar of regular disclosure of its financial and operational results. The calendar, which is posted on the website, includes advance notice of the dates for the release of half year and full year results, other financial information, shareholder meetings, major analyst and investor briefings and Brambles' involvement in major investment conferences. Where possible, Brambles webcasts these significant briefings.

When Brambles conducts analyst and investor briefings, a record of the briefings is maintained for internal use. This record includes a summary of the issues discussed, a record of those present (names or numbers where appropriate) and the time and place of the meeting.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 ESTABLISH POLICIES FOR THE OVERSIGHT AND MANAGEMENT OF MATERIAL BUSINESS RISKS

7.1.1. Risk management policies

The Board is responsible for approving and reviewing the effectiveness of the Group's system of internal control and risk management. During the Year, the Board was supported in this role by management, in particular by the Chief Executive Officer, the Audit Committee (in relation to financial reporting risks) and the Group's internal audit function. To strengthen the relationship between risk management and strategic and operational planning, the Chief Executive Officer, through the ELT (see section 1.1.1.), has principal responsibility for risk management. The Audit Committee's responsibilities are described in section 4.3.2 of this Statement.

The Board has adopted a risk management framework, the objectives of which are as follows:

- To incorporate effective risk management as part of Brambles' strategic planning process;

CORPORATE GOVERNANCE STATEMENT - CONTINUED

- To require business operating plans to address the effective management of key risks;
- To develop internal audit plans to concentrate efforts on providing assurance on the viability and value of risk mitigation/management processes;
- To embed a stronger risk management culture;
- To improve allocation of capital to reflect business risks;
- To seek competitive advantage through increased certainty of achieving agreed organisational and business objectives; and
- To continue to fulfil governance requirements for risk management.

Brambles Headquarters and each of its business units have a risk and control committee (RCC). The Brambles Headquarters RCC is chaired by the Chief Financial Officer and its members include key functional heads. Each RCC conducts an in-depth review of the relevant business unit's or corporate, as the case maybe, risk profile on a regular basis. The Group Presidents review the risk profile and accompanying mitigation plans of their respective business units before they are consolidated into the Group-level risk profile. The risk profiles and mitigation plans for Brambles Headquarters, the business units and the Group as a whole are evaluated by the ELT, with support from the Group Vice President, Taxation & Risk. The ELT, through the Chief Executive Officer, prepares a risk report to the Board twice yearly, which includes a review of the Group's risk profile, mitigation factors and emerging risks (see section 7.2). Legal obligations and the reasonable expectations of stakeholders, such as shareholders, customers, employees, subcontractors, suppliers and the community in general are taken into account when preparing and updating mitigation plans.

7.2 REPORTING ON EFFECTIVE MANAGEMENT OF MATERIAL BUSINESS RISKS

7.2.1. Risk management and internal control system

Management is responsible for the development, implementation and management of systems that:

- Identify, assess and manage risks in an effective and efficient manner;
- Enable decisions to be based on a comprehensive view of the reward-to-risk balance;
- Provide greater certainty of the delivery of objectives; and
- Satisfy the Group's corporate governance requirements.

These systems are designed to limit the risk of failure to achieve business objectives. It must be recognised, however, that internal control and risk management systems can provide only reasonable, and not absolute, assurance against the risk of material loss.

Key elements of Brambles' internal control systems include:

- A Code of Conduct that sets out an ethical and legal framework for all employees in the conduct of Brambles' business;
- Financial systems to provide timely, relevant and reliable information to management and to the Board;
- Appropriate formalised delegations and limits of authority consistent with Brambles' objectives;
- Biannual management declarations at country, regional and global levels confirming, among other matters, the adequacy of internal control procedures, the effectiveness of risk management systems and compliance with the Code of Conduct and all regulatory and statutory requirements;
- An internal audit function, described in section 7.2.2;
- A risk management function;
- RCCs for each of Brambles Headquarters and Brambles' business units; and

- Other sources of independent assurance, such as environmental audits, occupational health and safety audits and reports from the external auditors.

The biannual management declarations are collected through a web-based system, to enable the questionnaires to be completed more easily and to facilitate rigorous tracking across periods.

The key elements of Brambles' business risk management systems during the Year are set out below:

Risk control - risks to the achievement of business objectives were identified through a process of examination between the ELT, Brambles' risk management team, the business unit Group Presidents, RCCs and functional process owners. Key business risks were also identified and analysed during regular management reporting and discussions. The identified risks were assessed in terms of their underlying causes, business consequences, external variables, current internal control effectiveness, likelihood of occurrence, overall risk priority and risk mitigation status. The resulting net risk and control profiles were presented to the Board, together with a risk improvement program designed to increase the effectiveness of controls and manage the overall level of risk. This process formed part of the Board's annual review of the effectiveness of the risk management system and systems of internal control.

Risk monitoring - there was regular reporting of key risk events, such as safety incidents, litigation and serious incidents (as defined in the Code of Conduct). In addition to regular monitoring by the ELT and Brambles' risk management team, risks and controls were reassessed by the RCCs on a regular basis. The outcome of those assessments and details of progress in implementing risk improvement programs were signed off by Group Presidents and reported to the Group Vice President, Taxation & Risk. In addition, a report on the effectiveness of the management of business risks was provided to the ELT and the Board. The effectiveness of specific business risk controls and risk improvement programs was also periodically reviewed by internal audit as part of the FY13 internal audit program, and the results reported to the Audit Committee (see section 7.2.2).

The Board reviews the effectiveness of the internal control and risk management systems on an ongoing basis by:

- Considering and approving the budget and forward plan of each business;
- Reviewing detailed monthly reports on business performance and trends;
- Setting limits on delegated authority;
- Receiving regular reports on Brambles' treasury activities, and reviewing treasury guidelines, limits and controls;
- Receiving twice-yearly reports from the ELT on the effectiveness of internal control and risk management systems for Brambles' material business risks, being the report required by Recommendation 7.2 of the CGPR;
- Receiving twice-yearly written assurances from the Chief Executive Officer and Chief Financial Officer, as described in section 7.3; and
- Receiving reports from the Audit Committee, which has a responsibility to assist the Board in reviewing internal financial controls.

7.2.2. Internal audit function

The internal audit function is independent of the external auditor. Brambles' internal audit function carries out risk-based audits under an annual plan approved by the Audit Committee. The internal audit team makes an independent appraisal of the adequacy and effectiveness of Brambles' risk management and internal control system, to provide assurance to the Audit Committee and the Board.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

The head of internal audit has direct access to the Chairman of the Audit Committee. Both the Audit Committee and the internal audit team have unrestricted access to management and the right to seek information and explanations.

7.2.3. Risk Management Committee

The roles of the Board, ELT and the RCCs in Brambles' risk management framework are described in section 7.1.1.

7.3 CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER DECLARATION

The Board receives written assurances from the Chief Executive Officer and Chief Financial Officer that the declaration provided under section 295A of the Corporations Act 2001 (Cth)(Act) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board received these assurances in advance of approving both the annual and interim financial statements for the Year.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 ESTABLISH A REMUNERATION COMMITTEE

8.1.1. Purpose of the Remuneration Committee

The objective and purpose of the Remuneration Committee is to assist the Board in establishing remuneration policies and practices which:

- Enable Brambles to attract and retain executives and Directors who will create value for shareholders;
- Fairly and responsibly reward executives having regard to the performance of Brambles, the performance of the executive and the general remuneration environment; and
- Comply with the provisions of the ASX Listing Rules and the Act.

8.1.2. Charter

The Remuneration Committee has a Charter which includes its duties and responsibilities, composition, structure, membership requirements, authority, access rights and sets out a procedure for inviting non-members to attend its meetings. A copy of the Remuneration Committee's Charter, which is reviewed annually, can be found at www.brambles.com.

8.1.3. Responsibilities of the Remuneration Committee

The Remuneration Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- Determining and agreeing with the Board the broad policy for the remuneration of the Chairman of the Board, the Chief Executive Officer and other members of the senior executive team, and reviewing the ongoing appropriateness and relevance of the executive remuneration policy;
- Determining the remuneration for the Executive Directors and the Company Secretary, reviewing the proposed remuneration for the senior executive team, ensuring that contractual terms on termination, and any payments made, are fair to the individual and Brambles, that failure is not rewarded and that the duty to mitigate loss is fully recognised, and, in determining such packages and arrangements, giving due regard to all relevant regulations and associated guidance;
- Insofar as they impact on the Executive Directors and the senior executive team, approving the design of, and determining targets for, all cash-based executive incentive plans, and approving the total proposed payments from all such plans;
- Keeping all equity-based plans under review in light of legislative, regulatory and market developments, determining each year whether awards will be made under such plans and whether there are exceptional circumstances which allow awards at other times,

approving total proposed awards under each plan, approving awards to Executive Directors and reviewing awards made to the senior executive team;

- Annually reviewing and taking account of the remuneration trends across Brambles in its main markets, reviewing and making recommendations to the Board on remuneration by gender and advising on any major changes in employee benefit structures throughout Brambles;
- Reviewing the funding and performance of Brambles' retirement plans and reporting to the Board;
- Selecting, appointing and setting the terms of reference for external remuneration consultants who advise the Committee or Brambles in respect of the remuneration of the Executive Directors and other key management personnel as outlined in the Remuneration Report; and
- Monitoring the Group's policy of equal remuneration for equal work value, regardless of gender, by receiving an annual report on remuneration by gender across the Group, and otherwise reviewing and making recommendations to the Board on remuneration by gender.

8.1.4. Remuneration policy

Details of Brambles' remuneration policy can be found in the Directors' Report - Remuneration Report on pages 33 to 35 and 44.

The remuneration of the Chairman of Brambles is determined by the Remuneration Committee. The remuneration of the other Non-executive Directors is determined by the Executive Directors, following consultation with the Chairman of Brambles, with the Non-executive Directors taking no part in the discussion or decision relating to their remuneration. In setting remuneration, advice is sought from external remuneration consultants.

8.2 STRUCTURE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is comprised entirely of Non-executive Directors, all of whom are independent. Luke Mayhew (Committee Chairman), Tahira Hassan, Graham Kraehe and Brian Schwartz were members of the Remuneration Committee throughout the Year. Tony Froggatt retired from the Committee on 1 August 2012 due to his appointment to the Audit Committee earlier in the Year. Luke Mayhew has decided to retire as Chairman of the Remuneration Committee with effect from the end of the 2013 AGM. Tony Froggatt will replace Luke Mayhew as Chairman and, for that reason, was re-appointed to the Remuneration Committee with effect from 1 July 2013. The Remuneration Committee meets at least three times a year. Details of the number of Remuneration Committee meetings held during the Year, and attendance at those meetings, are set out in the Directors' Report - Other Information on page 51.

The Remuneration Committee may seek input from certain members of executive management on remuneration, but no members of executive management are directly involved in deciding their own remuneration.

8.3 COMPARISON OF REMUNERATION STRUCTURES

There is a clear distinction between the structure of Non-executive Directors' remuneration and that of the Executive Directors and executive management. Brambles has taken account of the guidelines for executive remuneration packages in Box 8.1 of the CGPR and the guidelines for Non-executive Director remuneration in Box 8.2 of the CGPR. Further details can be found in the Directors' Report - Remuneration Report on pages 33 to 35 and 44.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

The following checklist summarises Brambles' compliance with the CGPR and contains cross references to the sections of this Statement and to the exact location of information disclosed at www.brambles.com.

Principle/Recommendation	Reference
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1 Role of the board and management	Corporate Governance Statement: 1.1
Recommendation 1.2 Performance evaluation of senior executives	Corporate Governance Statement: 1.2
Recommendation 1.3 Companies should provide the following information in the corporate governance statement:	
- an explanation of any departures from Recommendations 1.1, 1.2 or 1.3	Not applicable
- whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed	Corporate Governance Statement: 1.2
A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section	www.brambles.com See "Corporate Governance", "Charters & Related Documents"
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1 Independent directors	Corporate Governance Statement: 2.1
Recommendation 2.2 Independent chairman	Corporate Governance Statement: 2.2
Recommendation 2.3 Roles of chairman and chief executive officer	Corporate Governance Statement: 2.3
Recommendation 2.4 Nomination committee	Corporate Governance Statement: 2.4
Recommendation 2.5 Process for evaluating the performance of the board, its committees and directors	Corporate Governance Statement: 2.5
Recommendation 2.6 Companies should provide the following information in the corporate governance statement:	Corporate Governance Statement:
- the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report	2 and Board and Executive Leadership Team, pages 16 to 18.
- the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds	2.1.2.
- the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships	2.1.2.
- a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company	2.1.1.
- a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board	2.4.5.
- the period of office held by each director in office at the date of the annual report	2.1.2.
- the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out	2.4.3 and Directors' Report - Other Information, page 51.
- whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed	2.5
- an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
- a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors	www.brambles.com See "Corporate Governance", "Charters & Related Documents".
- the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee	www.brambles.com See "Corporate Governance", "Charters & Related Documents".
- the board's policy for the nomination and appointment of directors	www.brambles.com See "Corporate Governance", "Charters & Related Documents".

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Principle/Recommendation	Reference
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING	
Recommendation 3.1 Establish a code of conduct	Corporate Governance Statement: 3.1
Recommendation 3.2 Establish a diversity policy	Corporate Governance Statement: 3.2
Recommendation 3.3 Gender diversity objectives	Corporate Governance Statement: 3.3
Recommendation 3.4 Gender diversity reporting	Corporate Governance Statement: 3.4
Recommendation 3.5 An explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
<ul style="list-style-type: none"> - any applicable code of conduct or a summary - the diversity policy or a summary of its main provisions 	www.brambles.com See "Corporate Governance", "Charters & Related Documents".
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1 Establish an audit committee	Corporate Governance Statement: 4.1
Recommendation 4.2 Structure of the audit committee	Corporate Governance Statement: 4.2
Recommendation 4.3 Audit committee charter	Corporate Governance Statement: 4.3
Recommendation 4.4 Companies should provide the following information in the corporate governance statement:	
<ul style="list-style-type: none"> - the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out - the number of meetings of the audit committee 	Corporate Governance Statement: 4.2.3 and Directors' Report - Other Information, page 51.
<ul style="list-style-type: none"> - an explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4 	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
<ul style="list-style-type: none"> - information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners - the audit committee charter 	Corporate Governance Statement: 4.4 and www.brambles.com See "Corporate Governance", "Charters & Related Documents".
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1 Establish a continuous disclosure policy	Corporate Governance Statement: 5.1
Recommendation 5.2 An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement	Not applicable
The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section	
	www.brambles.com See "Corporate Governance", "Charters & Related Documents", "Brambles Code of Conduct" (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1 Establish a communications policy	Corporate Governance Statement: 6.1
Recommendation 6.2 An explanation of any departures from Recommendations 6.1 or 6.2 should be included in the corporate governance statement	Not applicable
The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section	
	www.brambles.com See "Corporate Governance", "Charters & Related Documents", "Brambles Code of Conduct" (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Principle/Recommendation	Reference	
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
Recommendation 7.1	Establish policies for the oversight and management of material business risks	Corporate Governance Statement: 7.1
Recommendation 7.2	Reporting on effective management of material business risks	Corporate Governance Statement: 7.2
Recommendation 7.3	Chief Executive Officer and Chief Financial Officer declaration	Corporate Governance Statement: 7.3
Recommendation 7.4	Companies should provide the following information in the corporate governance statement:	
	- an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4	Not applicable
	- whether the board has received the report from management under Recommendation 7.2	Corporate Governance Statement: 7.2
	- whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3	Corporate Governance Statement: 7.3
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- a summary of the company's policies on risk oversight and management of material business risks	www.brambles.com See "Corporate Governance", "Risk Management".
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
Recommendation 8.1	Establish a remuneration committee	Corporate Governance Statement: 8.1
Recommendation 8.2	Structure of the remuneration committee	Corporate Governance Statement: 8.2
Recommendation 8.3	Comparison of remuneration structures	Corporate Governance Statements: 8.3 and Directors' Report - Remuneration Report pages 33 to 35 and 44.
Recommendation 8.4	Companies should provide the following information in the corporate governance statement or a clear cross reference to the location of the material:	
	- the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out	Corporate Governance Statement: 8.2 and Directors' Report - Other Information, page 51.
	- the existence and terms of any schemes for retirement benefits, other than superannuation, for Non-executive Directors	Not applicable
	- an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee	www.brambles.com See "Corporate Governance", "Charters & Related Documents".
	- a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in invested entitlements under any equity-based remuneration schemes	www.brambles.com See "Corporate Governance", "Charters & Related Documents", "Brambles Code of Conduct" (which incorporates the Securities Trading Policy as Schedule 9).

DIRECTORS' REPORT - REMUNERATION REPORT

Remuneration for senior executives in FY13 reflects another year of strong Brambles results, as shown in the table below:

Financial measure	FY13 result (US\$M)	Change from FY12 (constant currency)
Sales revenue	5,889.9	6%
Operating Profit	1,012.6	10%
Profit after tax	640.6	14%
TSR (3 years to 30 June 2013)	48.1%	N/A

Annual Short-Term Incentive (STI) cash awards for continuing senior executives ranged from 20% to 58% of base salary. These STI outcomes were driven by Brambles' financial performance and the achievement by executives of their specific personal objectives. 65% of Long Term Incentive (LTI) awards granted in FY11 vested, triggered by Brambles' performance over the past three years to FY13.

Where roles remained unchanged, salary increases in the Year for the Brambles Executive Leadership Team (ELT) were between 0% and 3%.

During the Year, there were changes to the ELT stemming from the retirement of CFO, Greg Hayes, the restructuring of the Pallets operating segment and the strategic review of Recall. The remuneration arrangements implemented as a result of these changes followed Brambles' policy and standard practice, except in the case of the recruitment of a new Group President for Recall, Doug Pertz.

Mr Pertz, an external candidate, was appointed following an extensive global recruitment exercise. Some elements of his contract are not standard as the Board was, at the time, considering a range of strategic options for Recall, including a potential demerger or an initial public offering. He was also required to forgo a substantial financial opportunity at the business he was running at the time of his recruitment by Brambles. To compensate him for this loss, his Brambles remuneration package contains a one-off share award in Recall Holdings, the company which will be listed on the ASX as a result of the proposed demerger announced on 2 July 2013, if that demerger is completed.

These shares would vest in stages over the next three years, contain a performance-related element, and cannot be sold by Mr Pertz until April 2017. The relevant parts of Mr Pertz's remuneration arrangements will be subject to shareholder approval as part of the demerger process.

Following a review earlier in FY13, the Board determined to nominate all Non-executive Director fees in Australian dollars. Consequently, fees for overseas-based Non-executive Directors were reset from their respective local currencies (as used previously) to Australian dollars. This change aligns Brambles with Australian market practice. Separately, the Chairman's fee and other Non-executive Director base fees increased by 3%, as a result of the annual fee review. Brambles has introduced Committee fees for the Audit and Remuneration Committees as well as a travel allowance, again in line with Australian market practice.

We continue to try to make the Remuneration Report as easy to read as possible and still compatible with the required regulatory disclosures. This year we have included more detail on the range of issues considered by the Remuneration Committee over the year. These included the annual review of pay by gender in the major CHEP countries of operations and IFCO's operations in Europe; this, as in the previous year, indicated remuneration equity across genders. Brambles will extend the review across all its business units.

The Remuneration Committee carried out its annual review of the Brambles' remuneration policy and share-based incentive plans. This included reviewing the continued validity of Brambles Value Added as a key performance measure for the Company's incentive plans. The Committee concluded that the current approach continues to align the long-term interests of the Company and its shareholders with those of its executives.

No changes to Brambles' remuneration policy are proposed in the coming year. Targets for FY14 are demanding and it will require a strong performance to achieve similar or better levels of total remuneration than in the prior year.



Luke Mayhew

Non-executive Director & Chairman of the Remuneration Committee

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1. BACKGROUND

The Remuneration Report provides information on Brambles' remuneration policy, the link between that policy and the performance of Brambles, and remuneration information about Brambles' Key Management Personnel.

Brambles' Key Management Personnel are:

- (a) its Non-executive Directors;
- (b) its Executive Directors; and

- (c) other Group executives who have authority and responsibility for planning, directing and controlling the activities of the Group. This has been defined as those who, for some or all of the year ended 30 June 2013 (the Year), were members of the Executive Leadership Team (ELT) of Brambles.

In this report, executives coming within paragraph 1(b) and 1(c) above are called Disclosable Executives.

This report includes all disclosures required by the Corporations Act 2001 (Cth) (Act), regulations made under that Act and Australian Accounting Standard AASB 124: Related Party Disclosures. The disclosures required by section 300A of the Act have been audited. Disclosures required by the Act cover both Brambles Limited and the Group.

2. REMUNERATION COMMITTEE

The Remuneration Committee (the Committee) operates under delegated authority from Brambles' Board. The Committee's responsibilities include:

- Recommending overall remuneration policy to the Board;
- Approving the remuneration arrangements for Disclosable Executives and the Company Secretary; and
- Reviewing the remuneration policy and individual arrangements for other executives.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

During the Year, the members of the Remuneration Committee¹ were Luke Mayhew (Committee Chairman), Graham Kraehe, Tahira Hassan and Brian Schwartz. Tony Froggatt re-joined the Committee in July 2013 and will take over the Chairmanship of the Committee after the 2013 AGM, when Mr Mayhew will retire as Committee Chairman. Other individuals are invited to attend Committee meetings as required by the Committee. This includes members of Brambles' management team including the CEO, Group Senior Vice President of Human Resources, Group Company Secretary and Group Vice President of Remuneration & Benefits as well as Brambles' external advisor, Ernst & Young.

Details of the Committee's Charter and the rules of Brambles' executive and employee share plans can be found under Charters & Related Documents in the Corporate Governance section of Brambles' website.

During the Year, the Committee held eight meetings. The most significant topics of discussion were as follows:

- Executive performance assessment, salary review and FY12 short-term incentive outcomes;
- Vesting of FY10-FY12 long-term incentive plan;
- Approval of FY13 short-term incentive targets;
- Approval of FY13-FY15 long-term incentive plan targets;
- Approval of final terms of employment for Group President, Recall;
- Executive remuneration strategy review;
- Review of executive contracts;
- Review of Board Chairman's fees;
- Review of gender based remuneration relativities;
- Review of Employee Share Plan performance;
- Design of short-term incentive plan;
- Consideration of remuneration issues related to the divestment of Recall; and
- Annual review of the Committee's performance.

3. REMUNERATION POLICY & STRUCTURE

The Board has adopted a remuneration policy for the Group which requires remuneration to be consistent with Brambles' strategic business objectives, attract and retain high-calibre executives, align executive rewards with the creation of shareholder value and motivate executives to achieve challenging performance targets. During FY13, the Committee reviewed the remuneration policy against these objectives and concluded that it remained effective and appropriate.

When setting and reviewing remuneration levels for Disclosable Executives, the Committee considers the experience, responsibilities and performance of the individual while also taking into account market data relevant to the individual's role and location as well as Brambles' size, geographic scale and complexity. The Group's remuneration policy is to set pay around the median level of remuneration (of the peer group referred to in Section 3.1) but with upper-quartile total potential rewards for outstanding performance and proven capability.

3.1 FIXED & AT RISK REMUNERATION

Remuneration is divided into those components not directly linked to performance (Fixed remuneration) and those components which are variable and directly linked to Brambles' financial performance and the delivery of personal strategic objectives (At Risk remuneration). Fixed remuneration generally consists of base salary and benefits and superannuation contributions. Fixed remuneration for most Disclosable Executives increased by 0% to 3% during the Year.

Brambles' remuneration framework is underpinned by its banding structure. This classifies roles into specific bands, each incorporating roles which have broadly equivalent work value. Pay ranges for each band are determined under the same framework globally and are based on the local market rates for the roles falling within each band. Where benchmarking was needed, the comparative companies considered were major listed companies in the USA, Australia, UK and Germany, with sales revenue and market capitalisation between 50% and 200% of Brambles' 12-month average at 30 June 2013. This approach provides a sound basis for delivering a non-discriminatory pay structure for all Group employees.

Given the global scope of its operations, Brambles operates an international mobility policy, which can include the provision of housing, payment of relocation costs and other location adjustment expenses where appropriate.

A significant element of Disclosable Executives' total potential reward is required to be At Risk.

This means an individual's maximum potential remuneration will be achieved only in circumstances where they have met challenging objectives in terms of Brambles' overall financial performance, returns for all shareholders and strategic objectives. The proportion of Disclosable Executives' remuneration packages At Risk is illustrated in Section 3.3 of this Remuneration Report.

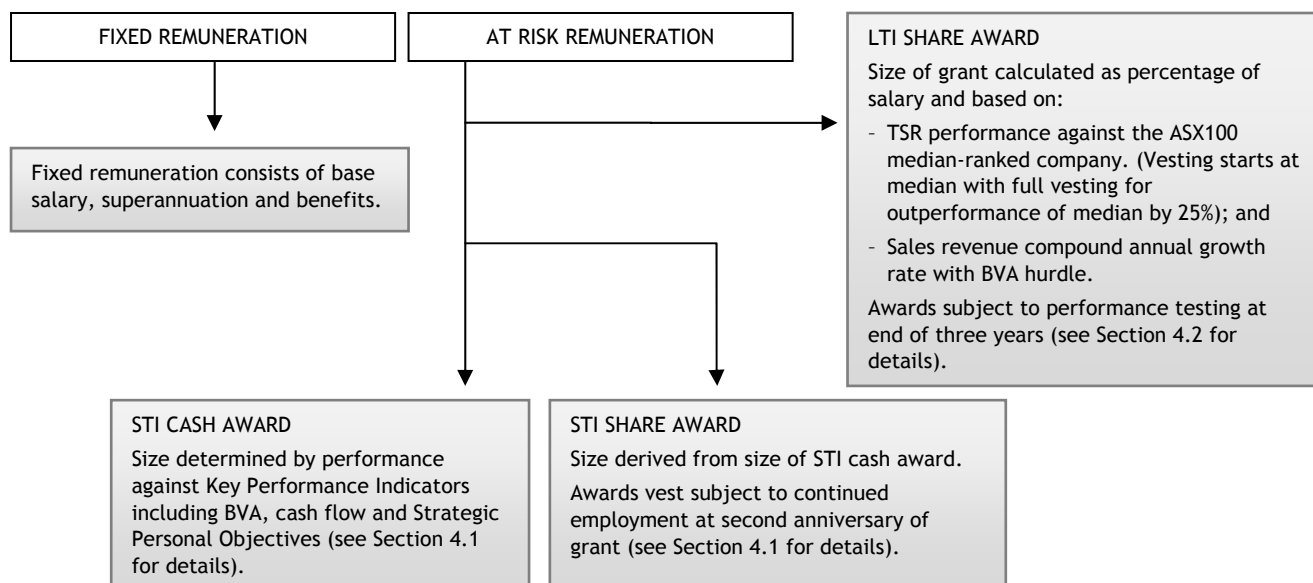
Brambles' At Risk remuneration is provided by way of three types of annual incentive awards: a Short Term Incentive (STI) cash award, an STI share award and a Long Term Incentive (LTI) share award.

The market value at the date of grant of all STI and LTI share awards made to any person in any financial year should not normally exceed two times their base salary.

The remuneration structure and the key features of Fixed and At Risk remuneration are summarised in the chart on the next page. The application of the At Risk element of remuneration is further described in Section 4.

¹Each of the Committee members is an independent Non-executive Director (see section 2.1.2 of the Corporate Governance Statement on page 20).

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED



3.2 REMUNERATION AND THE LINK TO BUSINESS STRATEGY

Brambles continues to adopt a growth strategy focussed on strengthening its global equipment pooling businesses. This strategy is underpinned by:

- Business performance being focused on profitable growth, the efficient use of capital and the generation of cash;
- The recruitment and retention of high-calibre executives;
- The setting of goals to implement the growth strategy; and
- Achieving sustainable returns for Brambles shareholders.

The implementation of Brambles' remuneration policy, which is summarised in the chart above, is directly linked to the above strategy and objectives in the following manner.

- **Business performance** - profitable growth is emphasized by both the use of Brambles Value Added (BVA) as a key performance condition in STI cash awards and the use of compound annual growth rate (CAGR) sales targets with BVA hurdles as one of the two key performance conditions which must be satisfied for LTI share awards to vest. The generation of cash and the effective use of capital are reinforced through the setting of cash flow targets for STI cash awards.
- **High-calibre executives** - remuneration packages for executives are designed to be competitive to assist Brambles in attracting talented managers and to reward strong performance. The award of a significant proportion of executives' STI awards as shares which do not vest for two years helps retain key executives.
- **Strategic goals** - each year, a part of an executive's STI cash award is subject to the achievement of specific personal objectives. These include objectives focussed on the delivery of Brambles' strategy such as safety performance, development of new markets, customer satisfaction, product and service innovation, employee engagement, productivity improvements and development of future potential senior executives.
- **Sustainable shareholder returns** - each of the above three elements support the delivery of sustainable returns to shareholders. In addition, there is a direct alignment of executive rewards to the creation of shareholder value through the use of relative total shareholder return (TSR) performance conditions, to which the vesting of half of all LTI share awards granted since FY10 are subject.

Full details of the link between senior executives' remuneration and Brambles' performance in terms of financial outcome, creation of shareholder value and the delivery of the Group's strategy are set out in Section 4.

Definitions of the BVA, TSR and CAGR measurements and the methods by which they are calculated are included in the Glossary on pages 125 and 126.

3.3 REMUNERATION MIX FOR DISCLOSABLE EXECUTIVES

Brambles' executive remuneration mix is heavily tied to performance. At Risk remuneration represents 71% to 76% of the Disclosable Executives' maximum potential remuneration.

The graph on page 35 illustrates the level of actual remuneration received by Disclosable Executives compared with their maximum potential remuneration. Maximum potential remuneration is the Disclosable Executive's base salary plus his or her STI cash award and STI share award assuming maximum level of performance (see Section 4.1) and full vesting of all LTI share awards.

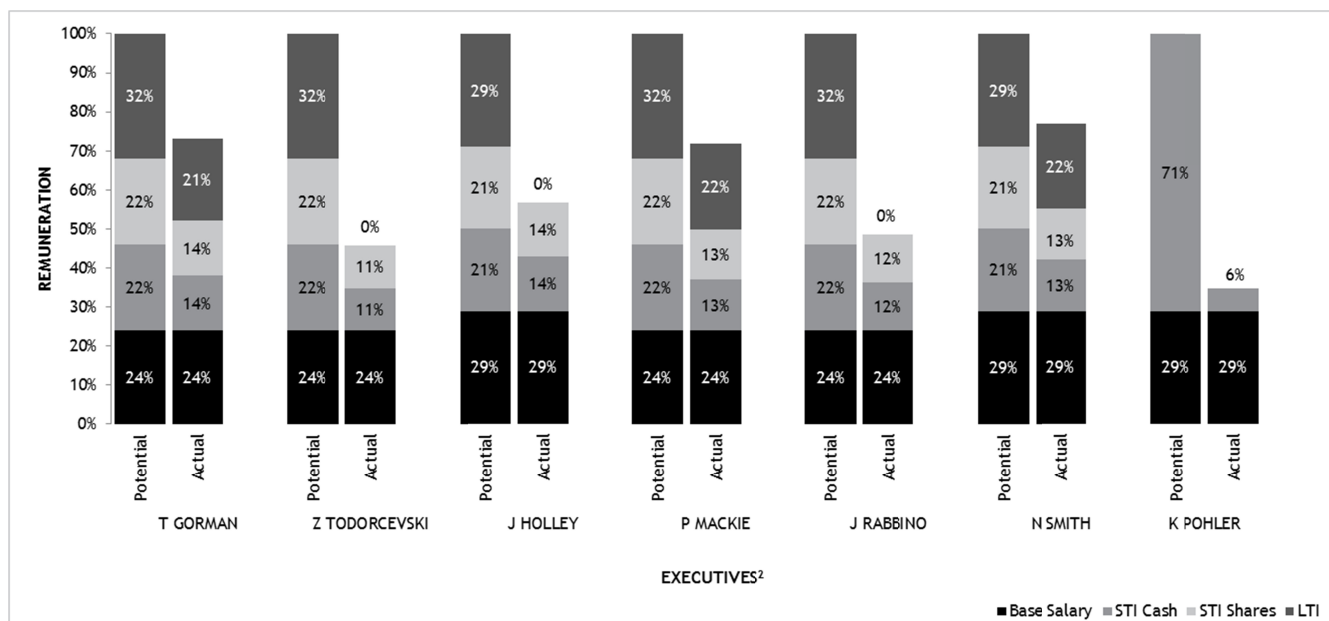
The "Actual" column of that graph comprises:

- Base salary - this is fixed remuneration for FY13;
- STI cash - this represents the STI cash award received in respect to FY13 performance (see Section 4.1);
- STI shares - this is the STI share award earned in respect to FY13 performance but the vesting of which is deferred until FY15 (see Section 4.1); and
- LTI shares - this shows the proportion of the FY10 to FY13 LTI share awards which will vest in FY14 (see Section 4.2).

The "Potential" column represents the maximum value of each element of remuneration that could have been received in each case by the individual Disclosable Executive for FY13. As a result of the simplification of the Pallets operating segment, which took effect on 1 March 2013, Mr Mackie was assessed against the previous CHEP Americas business unit for the first eight months of the year and the Pallets segment for the balance of the year.

Under the terms of his employment contract (see Section 6.3), Mr Pertz was not entitled to participate in Brambles' incentive arrangements referred to in sections 3 and 4 in FY13.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED



² Doug Pertz was not entitled to participate in Brambles' incentive program.

3.4 SECURITIES TRADING POLICY & INCENTIVE AWARDS

Brambles' Securities Trading Policy applies to awards granted under the incentive arrangements described above. That policy prohibits designated persons (which include all the Disclosable Executives) from acquiring financial products or entering into arrangements which have the effect of limiting exposure to the risk of price movements of Brambles securities. It is a term of senior executives' employment contracts that they are required to comply with all Brambles policies (including the Securities Trading Policy). Management declarations are obtained twice yearly and include a statement that executives have complied with all policies.

Sections 9.2 and 9.3 summarise all the incentive plans under which awards to Disclosable Executives are still to vest or be exercised.

4. PERFORMANCE OF BRAMBLES & AT RISK REMUNERATION

Brambles' remuneration policy is directly linked to its performance in terms of financial outcome, the creation of shareholder wealth and delivery of the Group's strategy. This link is achieved in the following ways:

- By placing a significant portion of executives' remuneration At Risk;
- By selecting appropriate Key Performance Indicators (KPIs) for annual STI cash awards and performance conditions for LTI share awards; and
- By requiring those KPIs or performance conditions to be met in order for the At Risk component of remuneration to be awarded or to vest.

The relationship between Brambles' remuneration policy and its performance over the Year and the previous four financial years is set out in Section 4.2. The tables in Section 4.2.2 show the level of vesting of LTI share awards triggered by performance over those periods.

4.1 STI KEY PERFORMANCE INDICATORS

As outlined in Section 3.1, Disclosable Executives have the opportunity to receive annual STI cash and share awards based on performance against KPIs. A significant proportion of overall STI incentives are STI share awards, which vest two years after the award is made. Disclosable Executives' KPIs comprise both financial and non-financial KPIs.

FINANCIAL KPIS

Financial KPIs are chosen to link executive rewards with the financial performance of the Group, the pursuit of profitable growth and the efficient use of capital and generation of cash.

STI financial KPIs chosen for the Year were BVA and Cash Flow from Operations plus (for the CEO and CFO) profit after tax (PAT). For the Group President, Pallets and the former Group Presidents, Recall and CHEP EMEA & Asia-Pacific, KPIs were Brambles' and their respective business units' BVA and Cash Flow from Operations. The Group President, Containers had the same KPIs except sales growth was substituted for that business unit's BVA.

A focus on BVA helps ensure efficient use of capital within Brambles. PAT captures interest and tax charges not directly incorporated in BVA. Cash Flow from Operations is used as a measure to ensure a strong focus on the generation of cash.

The key levels of performance possible against each of the financial KPIs relevant to the STI awards for the Year were:

- Threshold (the minimum necessary to qualify for the awards);
- Target (where the performance targets have been met); and
- Maximum (where the targets have been significantly exceeded, and the related rewards have reached their upper limit).

The STI incentives for Group President of RPCs, Karl Pohler, are based on the IFCO STI plan in place at the time Brambles acquired IFCO. This provides him with the opportunity to obtain an STI cash award based on performance against the following KPIs: IFCO's EBITDA (70% of total STI opportunity); and IFCO's free cash flow (30% of the total STI opportunity). Mr Pohler does not participate in Brambles' STI share award incentives.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

Doug Pertz did not participate in Brambles' STI cash, STI share award or LTI share award incentives for the Year.

The actual levels of performance achieved for the Year against the financial KPIs are summarised in the following table.

PERFORMANCE AGAINST FINANCIAL KPIs IN 2013

KPIs ³	Level of performance achieved during the Year ⁴
Brambles BVA	Between Target and Maximum
Brambles PAT	Between Target and Maximum
Brambles Cash Flow	Achieved Target
Pallets BVA	Between Target and Maximum
Pallets Cash Flow	Achieved Target
Containers Sales	Between Threshold and Target
Containers Cash Flow	Achieved Target
CHEP Americas BVA	Between Threshold and Target
CHEP Americas Cash Flow	Achieved mid-year target but below Threshold at Year-end
CHEP EMEA & Asia-Pacific BVA	Between Target and Maximum
CHEP EMEA & Asia-Pacific Cash Flow	Achieved Target
Recall BVA	Below Threshold
Recall Cash Flow	Achieved Target
IFCO EBITDA	Between Threshold and Target
IFCO Cash Flow	Achieved mid-year target but below Threshold at Year-end

NON-FINANCIAL KPIS

Non-financial KPIs are set to link Disclosable Executives' performance to Brambles' overall strategic objectives. These include personal strategic objectives in areas such as safety, business strategy, new markets, customer satisfaction and retention, and people and talent management.

- Brambles safety is measured by Brambles Injury Frequency Rate (BIFR)⁵. BIFR targets for each business unit and the Group as a whole are set each Year and incorporated into Disclosable Executives' non-financial KPIs. Brambles regards the safety of its people as a major priority and, as the leaders of the company, the ELT has Group-wide oversight of the Zero Harm policy. If a fatality occurs, then the CEO, Group Senior Vice President of Human Resources and relevant Group President(s) will have any incentive related to BIFR outcomes reduced to zero.
- Business strategy and growth objectives include the implementation of clearly specified strategic initiatives allocated to individual ELT members, for example new business acquisitions.

³Definitions of BVA, PAT, Cash flow from operations and EBITDA measurements and the methods by which they are calculated are included in the Glossary on pages 125 and 126.

⁴Financial targets set for the forthcoming financial year under Brambles' incentive plans will not constitute profit forecasts and the Board is conscious that their publication may therefore be misleading. Accordingly Brambles does not publish in advance the coming year's financial targets for incentive purposes.

⁵A definition of BIFR is included in the Glossary on page 125 and reporting of the Group's BIFR performance is included in the Zero Harm section of the Operational & Financial Review on page 5.

- Customer satisfaction and retention are mainly measured using the Net Promoter Score (NPS)⁶ system. NPS targets are set for each year and performance is measured against the achievement of those targets.
- People and talent management metrics relate to the development of future leaders in Brambles as well as succession planning for critical roles.

The following table summarises the components and weighting of KPIs for STI cash awards for Disclosable Executives other than Group President of RPCs, Karl Pohler, and Group President of Recall, Doug Pertz, from 1 April 2013.

Disclosable Executive	Financial KPIs					Non-Financial KPIs
	Group BVA	Business Unit BVA/Sales	Group PAT	Group Cash Flow	Business Unit Cash Flow	
CEO, CFO	30%	-	20%	20%	-	30%
Group Presidents: Pallets, Containers, Recall and CHEP EMEA & Asia-Pacific	25%	25%	-	-	20%	30%
Other Disclosable Executives	50%	-	-	20%	-	30%

Details of the STI cash award payable to Disclosable Executives and the STI cash award forfeited, as a percentage of the maximum potential STI cash award in respect to performance during the Year, are shown for each Disclosable Executive in the following table.

ACTUAL STI CASH PAYABLE & FORFEITED FOR YEAR ENDED 30 JUNE 2013

Name	% of maximum STI cash payable	% of maximum STI cash forfeited
DISCLOSABLE EXECUTIVES		
T Gorman	64%	36%
Z Todorcevski	49%	51%
J Holley	66%	34%
P Mackie	58%	42%
D Pertz	N/A	N/A
K Pohler ⁷	8%	92%
J Rabbino	56%	44%
N Smith	62%	38%

⁶An explanation of the Group's use of NPS is included in the Sustainability Review to be published on Brambles' website by end September 2013.

⁷Karl Pohler's remuneration mix and bonus calculations reflect his existing incentive arrangements from IFCO.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

Name	% of maximum STI cash payable	% of maximum STI cash forfeited
FORMER DISCLOSABLE EXECUTIVES		
G Hayes	44%	56%
E Potts	32%	68%
R Westerbos	67%	33%

4.2 LTI SHARE AWARDS

As outlined in Section 3.1, Disclosable Executives have the opportunity to receive equity awards in the form of LTI share awards. Vesting only occurs three years from the date of award and is subject to satisfaction of performance conditions (which are explained in Section 4.2.1 below) over a three-year performance period (Performance Period). If awards vest, they are exercisable for up to six years from the date of grant.

The table in Section 4.2.2 illustrates the relationship between Brambles' remuneration policy and performance, showing the level of vesting of LTI share awards during the Year and the previous four financial years.

Details of the LTI share awards granted to Disclosable Executives and the performance hurdles which apply to each of the awards are set out in Sections 9.2 and 9.3. LTI share awards only vest to the extent that performance conditions are met. The awards are governed by the Brambles 2006 Performance Share Plan (2006 Share Plan) rules, which have been approved by shareholders. Any Board discretion, such as vesting in the event of a change of control, is clearly prescribed under the 2006 Share Plan rules. Under the "good leaver" provisions, there is no accelerated vesting in the case of terminations and all unvested LTI share awards are forfeited in the case of resignations or terminations for cause.

4.2.1 LTI SHARE AWARD PERFORMANCE CONDITIONS

LTI performance conditions are set both to align executive remuneration with the creation of shareholder value and to support Brambles' financial objective of creating and sustaining profitable growth.

To allow a greater focus on profitable growth while retaining a shareholder value metric, LTI share awards have two sets of performance conditions, each with equal weighting.

Creation of Shareholder Value: Half of the LTI share awards are measured by the following relative TSR condition: 40% of LTI share awards will vest if the Company's relative TSR performance over the Performance Period equals the TSR of the median ranked ASX100 company; 100% will vest for out-performance of the TSR of the median-ranked ASX100 company by 25% over the Performance Period; and if Brambles' TSR performance is between these two levels, vesting will be on a pro rata straight line basis.

TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specific period. A relative TSR performance condition helps ensure that value is only delivered to participants if the investment return actually received by Brambles' shareholders is sufficiently high relative to the return they could have received by investing in a portfolio of alternative stocks over the same period of time.

Profitable growth: Half of the LTI share award incentivises both long-term sales revenue and BVA growth. Vesting is based on achievement of sales revenue targets with three-year performance targets set on a CAGR basis. The sales revenue growth targets are underpinned by BVA hurdles. This is designed to drive profitable business growth, to ensure quality of earnings is maintained at a strong level, and to deliver increased shareholder value. Both sales revenue CAGR and BVA are measured in constant currency.

Each year, a sales revenue CAGR/BVA matrix is set by the Committee and approved by the Board for each LTI share award. The matrix is published in the subsequent Remuneration Report. This allows the Board to set targets for each LTI share award which reward strong performance in the light of the prevailing and forecast economic and trading conditions.

The table below is the sales revenue CAGR/BVA matrix for LTI share awards made during the Year. It should be noted that the LTI Performance Matrix shown encompasses the entire Brambles Group, including Recall. On 2 July 2013, Brambles announced its intention to demerge Recall by listing a new holding company, Recall Holdings, on the ASX. If the Recall demerger is approved by shareholders, the matrix will be restated to exclude Recall from the performance targets. The Company's 2014 Remuneration Report will explain the change to the matrix and how the final determination of performance will be made.

As a policy principle, the Company takes into account major acquisitions or divestments in determining the final outcome. Where there are acquisitions or divestments that are not material to the overall outcome, these are excluded from any performance assessment.

LTI PERFORMANCE MATRIX FOR FY13 TO FY15

Vesting %	Cumulative three-year BVA at fixed 30 June 2012 FX rates (US\$M)		
	950	1,150	1,350
Sales revenue CAGR*			
4%	-	20%	40%
5%	20%	40%	60%
6%	40%	60%	80%
7%	60%	80%	100%
8%	80%	100%	100%
9%	100%	100%	100%

*Three-year CAGR over base year

The sales revenue CAGR provides for half point vesting in between the percentages shown if the sales revenue outcome is more than half way between the vesting levels. For example, a sales revenue CAGR of 6.7% and a BVA outcome of US\$1,000 million would provide vesting of 50%. There is no half point vesting scale in between the respective BVA hurdles.

4.2.2 PERFORMANCE OF LTI SHARE AWARDS UNDER THE 2006 PERFORMANCE SHARE PLAN

The following tables detail actual performance against the applicable performance condition for LTI share awards made during the five financial years indicated.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

As outlined in 4.2.1 LTI share awards have two sets of performance conditions, each with equal weighting. The tables below show the level of performance and vesting for each of the two components, which each individually comprise half of the LTI Award.

Level of vesting of LTI share awards based on TSR performance

				Period Prior to 30 June 2012	Period to 30 June 2013
Awards made during financial year ⁸	Performance condition	Start of Performance Period	Ranking (Out-performance of median company's TSR return ⁹ (%))	Vesting triggered (% of original award)	Vesting triggered (% of original award)
FY09	Relative TSR	1 July 2008	6.30	57.8% LTI awards	N/A
FY10	Relative TSR	1 July 2009	6.29	55.1% LTI TSR Award	N/A
FY11	Relative TSR	1 July 2010	30.34	N/A	100.0% LTI TSR Awards

The following table provides similar details for awards which have yet to be tested.

				Period to 30 June 2013
Awards made during ⁸	Performance condition	Start of Performance Period	Out-performance of median company's TSR return ⁹ (%)	Vesting if current performance is maintained until earliest testing date (% of original award)
FY12	Relative TSR	1 July 2011	19.08	79.34% LTI TSR awards
FY13	Relative TSR	1 July 2012	11.15	61.59% LTI TSR awards

Level of vesting of LTI share awards based on sales revenue CAGR and BVA performance

The following table provides details for the actual performance of LTI share awards against the applicable sales revenue CAGR/BVA matrix for those awards granted in 2010 and 2011 and which have been tested.

Awards made during ⁸	Performance condition	Start of Performance Period	Prior Period and Period to 30 June 2012 vesting triggered (% of original award)	Period to 30 June 2013 Vesting triggered (% of original award)
FY09	Sales revenue CAGR/BVA	1 July 2008	0.00% LTI awards	N/A
FY10	Sales revenue CAGR/BVA	1 July 2009	30.00% LTI sales revenue CAGR/BVA awards	N/A
FY11	Sales revenue CAGR/BVA	1 July 2010	N/A	30% of LTI sales revenue CAGR/BVA awards

The following table provides similar details for LTI share awards the performance period of which has not yet expired.

Awards made during ⁸	Performance condition	Start of Performance Period	Period to 30 June 2013 vesting if current performance is maintained until earliest testing date (% of original award)
FY12	Sales revenue CAGR/BVA	1 July 2011	20% LTI sales revenue CAGR/BVA awards
FY13	Sales revenue CAGR/BVA	1 July 2012	40% LTI sales revenue CAGR/BVA awards

Total level of vesting of LTI share awards

The combined vesting of the two LTI components for 2012 and 2013 is shown below.

Awards made during	Start of Performance Period	End of Performance Period	Total vesting (TSR and sales revenue CAGR/BVA combined)
FY09	1 July 2008	30 June 2011	28.90%
FY10	1 July 2009	30 June 2012	42.55%
FY11	1 July 2010	30 June 2013	65%

⁸These performance share rights were granted under the 2006 Share Plan. Rights under this Plan vest on the third anniversary of their grant date. 50% of the award will vest subject to meeting a relative TSR performance condition. The balance of the award will vest subject to three-year sales revenue CAGR and BVA performance. The vesting matrix for this component of the award made during the 2013 financial year is detailed in Section 4.2.1.

⁹Percentage out-performance of the median company's TSR return against the S&P/ASX 100 Index.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

5. EMPLOYEE SHARE PLAN

At the 2008 AGM, shareholders gave approval to an all employee share plan (MyShare), which was implemented in January 2009.

Since the initial launch, more than 3,500 Brambles employees from approximately 40 countries have elected to participate in MyShare. MyShare employee participants as a group represent a group approximately equivalent in size to our 25th largest registered shareholder. The number of shares purchased by employees (Acquired Shares) as at 30 June 2013 was 929,613, excluding shares received under the MyShare Dividend Share Program (Dividend Shares). At the end of March 2013, Brambles issued 500,941 shares to employees, being a matching number of shares (Matching Shares) to those purchased and held by employees for the two-year period. During the Year, employees in Pallecon, acquired in January 2013, were given their first opportunity to enrol in MyShare. This program has been very well received by the Pallecon employees and their participation rate was 46%.

In addition, during the Year, due to a relaxation of restrictions on capital transfers out of China, CHEP China was able to convert its MyShare plan from a phantom scheme to a standard share plan. CHEP China employees MyShare participation increased significantly to 57% in FY13 from 43% in FY12.

In August 2012, Argentina's government enacted tighter foreign exchange controls. Since then, Brambles' Argentina-based businesses have been unable to fund additional share purchases for their MyShare plans.

Disclosable Executives are eligible to participate in MyShare. Acquired Shares, Dividend Shares and vested Matching Shares obtained by Disclosable Executives through MyShare are included in Section 6.6. Matching Shares allocated, but not yet vested, are shown in Sections 6.5 and 6.7.

6. EXECUTIVE DIRECTORS & DISCLOSABLE EXECUTIVES

6.1 EXECUTIVE DIRECTOR CHANGES

During the Year, Greg Hayes retired as CFO and as an Executive Director. He retired from the Brambles Board effective 1 October 2012 but remained a Brambles employee until 1 March 2013.

6.2 OTHER DISCLOSABLE EXECUTIVE CHANGES

Zlatko Todorcevski commenced as Chief Financial Officer on 8 October 2012. On 1 March 2013, Dolph Westerbos ceased employment following the restructure of the Pallets operating segment. Following the appointment of Doug Pertz as Group President of Recall, Elton Potts ceased employment on 25 April 2013.

6.3 SERVICE CONTRACTS

Disclosable Executives are on continuing contracts which may be terminated without cause by the employer giving 12 months' notice or by the employee giving six months' notice, with payments in lieu of notice calculated by reference to annual base salary. These standard service contracts states that any termination payments made would be reduced by any value to be received under any new employment.

Other than Peter Mackie¹⁰, executives remunerated on a base salary approach receive pension contributions of 15% of base salary.

All terminations during the Year were in accordance with the terms and conditions of individual employees' contracts.

Under his employment contract, Zlatko Todorcevski, who commenced employment on 8 October 2013, received a sign on grant of 214, 213 Brambles share rights. This was an amount equal

¹⁰Mr Mackie received employer superannuation (pension) contributions of 21% of base salary for income up to £153,700 and 15% of base salary for any amount above £153,700.

in value to the share rights he forfeited on leaving his former employer. These rights vest in five tranches between January 2013 and January 2015. During the Year, 77,906 of those rights vested and are reflected in the table in Section 6.6. Vesting of these share rights is subject to his continuing employment with Brambles.

On 28 March 2013, Brambles announced the appointment of Doug Pertz as Group President of Recall and he commenced that role on 1 April 2013. His employment contract provides for him to be remunerated on a base salary approach.

At the time of Mr Pertz's recruitment, Brambles was carrying out a strategic review of Recall, which included a number of different divestment options including a possible demerger or IPO. Therefore, in searching for a candidate for the role of Recall Group President, priority was given to identifying individuals who had the skills and experience to lead Recall as a standalone business headquartered in the USA and, if Brambles so decided, to manage it through a divestment or public listing. After a comprehensive search, Mr Pertz was selected as the most suitable candidate.

Because Brambles was still conducting the Recall strategic review at the time it was recruiting a new Group President, parts of Mr Pertz's service contract are not standard. It contains provisions relating to his remuneration which are contingent on the occurrence and, if applicable, the manner in which any Recall divestment would take place. In addition, Mr Pertz's contract includes a one-off grant of share awards in Recall Holdings to the value of US\$6 million if it were to be demerged, to recognise the significant opportunity he forfeited in leaving his previous employer to join Recall. The Board considered that the one-off nature of these arrangements were necessary and appropriate.

On 2 July 2013, Brambles announced it would divest Recall by way of a demerger and listing on the ASX. The elements of Mr Pertz's remuneration which apply if the demerger takes place are as follows:

- **One-off Recall share award:** Subject to Mr Pertz remaining employed by Recall, he is entitled to a one-off share award comprising a grant of share rights in Recall Holdings to the value of US\$6 million (Recall Award). The amount and nature of the Recall Award was determined to compensate him for the value of the equity in his then employer that he would forfeit by joining Recall, to provide an incentive for him to remain at Recall through and after a demerger and to align this part of his package with the creation of shareholder value in Recall Holdings. Any shares issued to Mr Pertz pursuant to the Recall Award will be held in escrow and may not, except in the specific termination situations described below, be sold or otherwise disposed of for a period of 48 months (i.e. 1 April 2017) from the date of commencement of his employment with Recall.

The grant of the Recall Award is subject to any required shareholder approval. Each share right the subject of the Recall Award will, upon vesting, entitle Mr Pertz to one share in Recall Holdings. The vesting schedule for the Recall Award is over a two-year period, as follows:

- On completion of the demerger: 33.33%;
- 12 months after completion of the demerger if he remains employed by Recall Holdings: 16.67%; and a further 16.67% subject to the satisfaction of performance conditions to be determined by the Board of Recall Holdings; and
- 24 months after completion of the demerger if he remains employed by Recall Holdings: 16.67%; and a further 16.67% subject to the satisfaction of performance conditions to be determined by the Board of Recall Holdings.

The number of share rights the subject of the Recall Award will be US\$6 million divided by the volume-weighted average price of shares in Recall Holdings for the five trading days after (and excluding) the first day on which Recall Holdings' shares are quoted on the ASX.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

- **Recall Holdings' incentive schemes:** subject to receiving any necessary shareholder approvals, Mr Pertz will be eligible to participate in any cash bonus scheme, share-based incentive plans or other incentive arrangements that Recall Holdings may implement after the demerger is completed.

Because of the uncertainty surrounding the future of Recall at the time Mr Pertz commenced employment with Brambles, under his employment contract he was not entitled to participate in Brambles' incentive arrangements referred to in Sections 3 and 4 in FY13 and beyond. In lieu of this, Mr Pertz will be entitled to a cash bonus of up to US\$1 million relating to the period 1 April 2013 to 31 December 2013, subject to the achievement of the following objectives:

- Financial targets:
 - Recall EBITDA; and
 - Recall Cash Flow;
- Personal and strategic objectives:
 - Zero Harm for Recall; and
 - Retaining key customers, and driving the achievement of a successful separation of Recall.

This cash bonus will be payable no later than 15 March 2014.

The termination provisions of Mr Pertz's employment contract are more complex than usual because Brambles had not completed the strategic review of Recall at the time he was recruited. The following is a summary of his termination provisions:

- As with other Disclosable Executives, his contract may be terminated by his employer for good cause or by Mr Pertz giving six months' notice. If his employment is terminated in these circumstances, Mr Pertz will retain any vested portion of the Recall Award, any unvested portion of the Recall Award will be foregone and the 48 month escrow period referred to above will continue to apply.
- As with other Disclosable Executives, his contract may be terminated without cause by the employer giving 12 months' notice. Mr Pertz may also terminate his employment contract for "good reason". The circumstances which comprise "good reason" are either: a material reduction in his base salary; a material diminution in his duties or reporting relationships; a requirement that he relocates to a principal place of business outside the USA; or, if applicable, his not being appointed (or, if required by law, nominated periodically) to the Board of any Recall listed entity. If Mr Pertz's employment is terminated in either of these circumstances, Mr Pertz will retain any vested portion of the Recall Award, any unvested portion of the Recall Award will vest and the 48 month escrow period referred to above will no longer apply. He would also be entitled to a pro rata payment of the US\$1 million bonus relating to the period up to 31 December 2013 referred to above, subject to satisfaction of the performance conditions to which that bonus is subject.

Mr Pertz's employment contract provides that any termination benefits described above are, where applicable, subject to receiving any necessary shareholder approval under Part 2D.2 of the Act. This approval will be sought at the Brambles general meeting to approve the Brambles capital reduction by which the demerger will be implemented and which is expected to be held in early December 2013.

CONTRACT TERMS FOR DISCLOSABLE EXECUTIVES

Name and role(s)	Base salary at 30 June 2013 unless indicated
Disclosable Executives:	
T Gorman CEO	A\$2,060,000
Z Todorcevski CFO From 8 October 2012	A\$1,050,000
J Holley Group Chief Information Officer	US\$435,000
P Mackie Group President, Pallets	£425,000
K Pohler Group President, RPCs	€850,000
D Pertz Group President & Chief Operating Officer, Recall From 1 April 2013	US\$900,000
J Rabbino Group President, Containers	US\$535,000
N Smith Group Senior Vice President, Human Resources	A\$635,000
Former Disclosable Executives:	
G Hayes¹¹ CFO until 7 October 2012, ceased employment on 1 March 2013	A\$1,550,000
E Potts Group President & Chief Operating Officer, Recall until 25 April 2013	US\$583,000
R Westerbos Group President, Pallets, EMEA & Asia-Pacific until 30 June 2013	€442,000

¹¹Mr Hayes retired from the Group on 1 March 2013. A summary of his retirement entitlements was announced to the ASX on 4 June 2012 and is included in Section 6.4.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

6.4 TOTAL REMUNERATION AND BENEFITS FOR THE YEAR

The table below provides a summary of the actual remuneration, before equity, received or receivable by the Disclosable Executives for the Year, together with prior year comparatives. Income derived from the vesting of shares during the year has been included below as "Actual share income". The value shown is the market value at the time the income became available to the executive. These awards were granted in prior financial years. The values shown relate to STI and LTI share awards made in 2009. (Theoretical accounting values for unvested share awards are shown in Section 9.4; those values are a statutory disclosure requirement. Unvested share awards may result in "Actual share income" in future years and, if so, the income will be reported in the table below in the Annual Report for the relevant year). The purpose of this table is to enable shareholders to understand the actual remuneration received by Disclosable Executives.

(US\$'000)	Short-term employee benefits				Post-employment benefits	Other			Actual share income	
Name	Year	Cash/salary/fees	Cash bonus	Non-monetary benefits ¹²	Super-annuation	Termination/sign-on payments/retirement benefits	Other	Total before equity	STI/LTI awards	Total
EXECUTIVE DIRECTORS										
T Gorman ¹³	FY13	2,322	1,210	180	-	-	18	3,730	1,101	4,831
	FY12	2,430	1,043	296	-	-	21	3,790	661	4,451
CURRENT DISCLOSABLE EXECUTIVES										
Z Todorovski ¹³	FY13	955	503	10	26	306	-	1,800	674	2,474
	FY12	-	-	-	-	-	-	-	-	-
J Holley ¹⁴	FY13	454	216	152	59	-	17	898	204	1,102
	FY12	408	158	75	24	133	11	809	-	809
P Mackie ¹³	FY13	761	349	52	21	-	25	1,208	193	1,401
	FY12	749	370	146	17	-	20	1,302	171	1,473
D Pertz ⁴⁷	FY13	253	333	-	-	-	1	587	-	587
	FY12	-	-	-	-	-	-	-	-	-
K Pohler ¹³	FY13	1,100	219	35	9	-	5	1,368	-	1,368
	FY12	1,133	-	37	9	-	6	1,185	-	1,185
J Rabbino ¹⁴	FY13	563	268	-	53	-	15	899	-	899
	FY12	64	-	-	-	-	-	64	-	64
N Smith ¹³	FY13	778	303	-	26	-	-	1,107	359	1,466
	FY12	691	260	-	52	-	-	1,003	339	1,342
FORMER DISCLOSABLE EXECUTIVES										
G Hayes ¹³	FY13	1,146	633	32	26	1	-	1,838	1,281	3,119
	FY12	1,691	746	42	52	-	-	2,531	-	2,531
E Potts	FY13	493	320	-	46	699	17	1,575	374	1,949
	FY12	613	148	-	71	-	15	847	261	1,108
R Westerbos ¹³	FY13	589	346	125	85	447	-	1,592	-	1,592
	FY12	582	248	108	84	330	-	1,352	-	1,352
Totals	FY13	9,414	4,700	586	351	1,453	98	16,602	4,186	20,788
	FY12	8,361	2,973	704	309	463	73	12,883	1,432	14,315

¹²Non-monetary benefits include car parking, personal/spouse travel, club membership, motor vehicles, relocation and storage costs and fringe benefits tax.

¹³The year-on-year comparison of remuneration is affected by the movement of exchange rates from A\$1=US\$1.0304 and EUR=US\$1.3325 for 2012 to A\$1=US\$1.0212, EUR=US\$1.2939 and GBP=US\$1.5667 respectively for 2013.

¹⁴These executives were appointed to their current role during the 2012 Year, as such the 2012 comparator represents part year only.

⁴⁷The US\$333,000 cash bonus for Mr Pertz in the above table is the current estimate accrued for service performed during the period 1 April 2013 to 30 June 2013. The full details of Mr Pertz's cash bonus entitlement, including the objectives to which it is subject, are referred to in section 6.3. This amount was not actually paid to Mr Pertz in FY13 and will only become payable in FY14 subject to achievement of the objectives referred to in that section.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

6.5 EQUITY-BASED AWARDS

The following table shows details of equity-based awards made to the Disclosable Executives during the Year. STI and LTI share awards were made under the 2006 Share Plan, the terms and conditions of which are set out in Sections 9.2 and 9.3 (see plan numbers 16 to 26). Matching Awards were made under MyShare, the terms and conditions of which are also set out in Sections 9.2 and 9.3 (plan numbers 43 to 55).

Equity-based awards			
Name	Type of award	Number	Value at grant US\$'000 ¹⁷
DISCLOSABLE EXECUTIVES			
T Gorman	STI	150,039	1,059
	LTI	385,412	2,719
	MyShare Matching	641	5
	Total	536,092	3,783
Z Todorcevski	STI	214,213	1,562
	LTI	191,900	1,399
	MyShare Matching	185	1
	Total	406,298	2,962
J Holley	STI	22,560	159
	LTI	60,652	428
	MyShare Matching	661	5
	Total	83,873	592
P Mackie	STI	52,835	373
	LTI	118,366	835
	MyShare Matching	642	5
	Total	171,843	1,213
D Pertz	STI	-	-
	LTI	-	-
	Total	-	-
K Pohler	STI	-	-
	LTI	-	-
	Total	-	-
J Rabbino	STI	-	-
	LTI	97,400	687
	MyShare Matching	19	-
	Total	97,419	687
N Smith	STI	37,359	264
	LTI	91,608	646
	MyShare Matching	641	5
	Total	129,608	915
FORMER DISCLOSABLE EXECUTIVES			
G Hayes	STI	-	-
	LTI	-	-
	Total	-	-
E Potts	STI	111,075	710
	LTI	105,008	741
	MyShare Matching	552	4
	Total	216,635	1,455
R Westerbos	STI	34,217	241
	LTI	105,822	747
	Total	140,039	988

6.6 SHAREHOLDINGS

The following table shows details of Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests, being issued shares held by them and their related parties.

Under recently updated guidelines, members of Brambles' ELT are encouraged, over the five-year period commencing from the date they joined the ELT, to achieve and maintain a shareholding equal to 100% of their base salary before tax. In circumstances where executives wish to sell shares, they will require the approval of the Chairman (in the case of the CEO) or the CEO (in the case of all other ELT members).

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year ¹⁸
DISCLOSABLE EXECUTIVES			
T Gorman ¹⁹	128,782	80,366	209,148
Z Todorcevski ¹⁵	500	78,091	78,591
J Holley ²⁰	229	24,596	24,825
P Mackie ²⁰	2,165	12,890	15,055
D Pertz	-	-	-
K Pohler	-	-	-
J Rabbino ²⁰	-	19	19
N Smith ^{16 19}	4,132	71,359	75,491
FORMER DISCLOSABLE EXECUTIVES			
G Hayes ²¹	-	-	-
E Potts ^{20 21}	93,059	(19,577)	73,482
R Westerbos	101,495	(101,495)	-

¹⁵Of which 500 shares were held by Zlatko Todorcevski and Robert Todorcevski, 77,906 shares were held by Tentwentyfive Pty Ltd and 185 are held by AET Structured Finance Services Pty Limited.

¹⁶Of which 70,000 held by Lisa Smith.

¹⁷The total value of the relevant equity award(s) is valued as at the date of grant using the methodology set out in Section 9.1. The minimum possible future value of all awards yet to vest is zero, and is based on the performance/service conditions not being met. The maximum possible future value of awards yet to vest is equal to the value at grant.

¹⁸On 31 July 2013, the following Disclosable Executives acquired ordinary shares under MyShare, which are held by AET Structured Finance Services Pty Limited: Tom Gorman (45), Zlatko Todorcevski (45), Jean Holley (46), Peter Mackie (47), Jason Rabbino (4) and Nick Smith (46).

¹⁹Of which AET Structured Finance Services Pty Limited holds 933 shares for Tom Gorman, 230 shares for Zlatko Todorcevski and 5,537 shares for Nick Smith.

²⁰All of these shares are held by AET Structured Finance Services Pty Limited.

²¹Balance at the end of the Year is at cessation of employment for Greg Hayes, who ceased employment on 1 March 2013; Elton Potts, who ceased employment on 25 April 2013.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

6.7 INTERESTS IN SHARE RIGHTS²²

The following table shows details of rights over Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests: share rights, being awards made on 24 November 2010, 31 March, 2011, 6 September 2011, 16 July 2012, 25 September 2012 and 12 October 2012 under the 2006 Share Plan; and Matching Awards, being conditional rights awarded during the Year under MyShare.

Name	Balance at the start of the Year	Granted during the Year		Exercised during the Year ²³		Lapsed during the Year		Balance at the end of the Year ²⁴	Vested and exercisable at the end of the Year
	Number	Number ²⁵	Value at grant US\$'000	Number	Value at exercise US\$'000	Number	Value at lapse ²⁶ US\$'000	Number	Number
DISCLOSABLE EXECUTIVES									
T Gorman	1,316,336	536,092	3,783	148,310	1,101	178,735	1,129	1,525,383	-
Z Todorcevski	-	406,298	2,962	77,906	674	-	-	328,392	-
J Holley	125,859	83,873	592	32,305	204	-	-	177,427	-
P Mackie	375,446	171,843	1,213	25,888	193	27,918	176	493,483	-
D Pertz	-	-	-	-	-	-	-	-	-
K Pohler	251,637	-	-	-	-	-	-	251,637	-
J Rabbino	-	97,419	687	-	-	-	-	97,419	-
N Smith	376,931	129,608	915	46,822	359	49,649	314	410,068	-
FORMER DISCLOSABLE EXECUTIVES									
G Hayes	1,159,820	-	-	172,739	1,281	384,861	2,802	602,220	-
E Potts	392,796	216,635	1,455	50,192	374	177,717	755	381,522	-
R Westerbos	264,092	140,039	988	-	-	106,648	737	297,483	-

²²Of the awards detailed in Section 9.3, the following plan numbers are relevant to Disclosable Executives: Tom Gorman, Peter Mackie and Nick Smith (2 to 9, 13 to 15, 17 to 19 and 27 to 55); Zlatko Todorcevski (20 to 26 and 51 to 55); Jean Holley (11 to 12, 14 to 16 and 17 to 19); Karl Pohler (10); Jason Rabbino (18 to 19 and 51 to 55); Greg Hayes (3 to 9, 13 and 15); Elton Potts (2 to 9, 13 to 18 and 27 to 55); Dolph Westerbos (7 to 9, 13 to 15 and 17 to 19). Lapses occurred for Tom Gorman, Peter Mackie and Nick Smith (3 and 4); Greg Hayes (3 to 4 and 8 to 9); Elton Potts (3 to 4, 8 to 9 and 14 to 15) and Dolph Westerbos (14 to 15 and 18 to 19). Exercises occurred for Tom Gorman, Peter Mackie and Nick Smith (2 to 4 and 27 to 38); Zlatko Todorcevski (20 to 21); Jean Holley (11); Greg Hayes (3 to 4); and Elton Potts (2 to 4 and 27 to 52).

²³Of the rights exercised during the Year, no monies were paid or payable on exercise. The shares issued on exercise of share rights are fully paid up. All of the share rights exercised during the Year vested during the Year.

²⁴On 31 July 2013, the following Disclosable Executives received Matching Awards under MyShare: Tom Gorman (45), Zlatko Todorcevski (45), Jean Holley (46), Peter Mackie (47), Nick Smith (46) and Jason Rabbino (4).

²⁵During the Year, 3,468,198 performance share rights were granted under the 2006 Share Plan, of which 535,451 were granted to Tom Gorman and 406,113 were granted to Zlatko Todorcevski. 763,015 Matching Awards were granted under MyShare during the Year, of which 641 were granted to Tom Gorman. Approval for these issues of securities was obtained under ASX Listing Rule 10.14 at the AGM held on 10 November 2011.

²⁶"Lapse" in this context means that the award was forfeited due to either the applicable service or performance conditions not being met.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

7. NON-EXECUTIVE DIRECTORS' DISCLOSURES

7.1 NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Chairman's fees are determined by the Remuneration Committee and the other Non-executive Directors' fees are determined by the Chairman and Executive Directors. In setting the fees, advice is sought from external remuneration advisors on the appropriate level of fees, taking into account the responsibilities of Directors in dealing with the complexity and global nature of Brambles' affairs and the level of fees paid to Non-executive Directors in comparable companies.

Over the past three years Brambles has set Non-executive Directors' fees at the relevant market rate for the geography in which the Non-executive Director resided. In 2013, this approach was reviewed by Brambles' external advisors and, following an extensive benchmarking exercise, a decision was made to align Brambles practice with that of the Australian market.

Fees for all Non-executive Directors' are now paid in Australian dollars. Brambles' base fees for Non-executive Directors are set with reference to the peer group referred to in Section 3.1, which is consistent with Brambles' policy on executive pay.

A review of Non-executive Director and Board Chairman fees was undertaken in 2013 to ensure the fees remained in line with the Australian market practice, resulting in an increase of 3%.

A key outcome of the review was a gap between Brambles' practices in relation to the payment of Committee membership fees. Market practice in Australia showed that the majority of companies pay Committee membership fees. Effective 1 January 2013, Brambles commenced paying a A\$10,000 Committee membership fee per annum. This only applies to the Audit and Remuneration Committees. These fees do not apply to the Board Chairman. To reflect the increasing complexity and workload of the Chairman of both the Audit and Remuneration Committees, the fees for the Committee Chairs have been increased as follows:

- Audit Committee Chair from A\$36,000 to A\$50,000; and
- Remuneration Committee Chair from A\$33,000 to A\$40,000.

In addition, Brambles reviewed the travel allowances for Non-executive Directors and introduced a flat fee of A\$5,000 per long-haul trip for all Non-executive Directors (including the Chairman).

In summary, the 2013 review established the following fee structure:

- Chairman: A\$605,000
- Non-executive Directors: A\$193,000
- Supplement for Audit Committee Chairman: A\$50,000
- Supplement for Remuneration Committee Chairman: A\$40,000
- Supplement for Audit and Remuneration Committee membership: A\$10,000
- Travel allowance per long-haul flight: A\$5,000

The next fee review will be undertaken during January 2014.

7.2 NON-EXECUTIVE DIRECTORS' APPOINTMENT LETTERS

Directors are appointed for an unspecified term but are subject to election by shareholders at the first AGM after their initial appointment by the Board. The Corporate Governance Statement contains details of the process for appointing and re-electing Non-executive Directors and of the years in which the Non-executive Directors are next due for re-election by shareholders (see pages 20 and 22).

Letters of appointment for the Non-executive Directors, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that the Non-executive Directors have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

The Non-executive Directors do not participate in Brambles' STI, LTI or MyShare plans.

7.3 NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

The fees and other benefits provided to Non-executive Directors during the Year and during the prior year are set out in the table below in US dollars. The full names of the Non-executive Directors and the dates of any changes in Non-executive Directors are shown in the Directors' Report - Other Information. Non-executive Directors do not receive any share-based payment.

Any contributions to personal superannuation or pension funds on behalf of the Non-executive Directors are deducted from their overall fee entitlements.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

TABLE 7.3 NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

(US\$'000)		Short-term employee benefits	Post-employment benefits		
Name	Year	Directors' fees	Superannuation	Other ²⁷	Total ²⁸
CURRENT NON-EXECUTIVE DIRECTORS					
D Duncan	FY13	207	9	7	223
	FY12	88	4	17	109
A Froggatt ²⁹	FY13	190	17	16	223
	FY12	176	13	8	197
D Gosnell	FY13	181	8	2	191
	FY12	81	3	3	87
T Hassan	FY13	209	9	5	223
	FY12	109	5	8	122
S Johns ²⁹	FY13	238	8	28	274
	FY12	214	12	12	238
C Kay ²⁹	FY13	190	17	17	224
	FY12	173	16	6	195
G Kraehe AO ²⁹	FY13	611	26	35	672
	FY12	579	22	53	654
L Mayhew ²⁹	FY13	212	10	4	226
	FY12	178	6	9	193
B Schwartz AM ²⁹	FY13	190	17	33	240
	FY12	173	16	56	245
Totals	FY13	2,228	121	147	2,496
	FY12	1,771	97	172	2,040

7.4 NON-EXECUTIVE DIRECTORS' SHAREHOLDINGS

As a guideline, Non-executive Directors are encouraged to hold shares in Brambles equal to their annual fees after tax within three years of their appointment.

The following table contains details of Brambles Limited ordinary shares in which the Non-executive Directors held relevant interests, being issued shares held by them and their related parties.

	Ordinary shares	Balance at start of Year	Changes during Year	Balance at end of Year
CURRENT NON-EXECUTIVE DIRECTORS				
D Duncan		-	-	-
A Froggatt		24,890	(10,000)	14,890 ³⁰
D Gosnell		14,450	8,460	22,910 ³¹
T Hassan		8,000	-	8,000 ³²
S Johns		47,500	-	47,500 ³³
C Kay		14,877	-	14,877 ³⁴
G Kraehe AO		63,776	3,189	66,965 ³⁵
L Mayhew		16,500	-	16,500 ³⁶
B Schwartz AM		13,029	8,652	21,681 ³⁷

²⁷"Other" includes personal/spouse travel, meals and fringe benefits tax.

²⁸None of the Non-executive Directors received rights/awards over Brambles Limited shares during the Year, so there are no relevant share-based payment amounts for disclosure.

²⁹The year-on-year comparison of remuneration is affected by the movement of exchange rates from A\$1=US\$1.0304 and GBP1=US\$1.5834 for 2012 to A\$1=US\$1.0212 and GBP1=US\$1.5667 for 2013.

³⁰Of which 7,000 shares were held by Christine Joanne Froggatt and 7,890 shares were held by Anthony Grant Froggatt.

³¹Held by Charles Stanley & Co Australia in the name of Susan Gosnell.

³²Held by RBC Dexia Custodian on behalf of Tahira Hassan.

³³Of which 27,500 shares were held by Canzak Pty Ltd, and 20,000 shares were held by Caran Pty Limited.

³⁴Of which 9,977 held by the Carolyn Kay Superannuation Fund.

³⁵Held by Invia Custodians as trustee for the Graham John Kraehe Self Managed Superannuation Fund.

³⁶Held by HSBC Bank of Australia Limited on behalf of Luke Mayhew.

³⁷Held by Brian Martin Schwartz & Arlene Schwartz as trustee for the Schwartz Superannuation Fund.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

8. REMUNERATION ADVISOR

The Committee have appointed Ernst & Young as Brambles' remuneration advisor to assist the Company with Non-executive Director and executive remuneration matters. In performing its role, the Remuneration Committee directly request and receive information and advice from Ernst & Young.

During the Year, no remuneration recommendations, as defined by the Act (Recommendations), were provided by Ernst & Young. Ernst & Young also provided taxation, internal audit, option valuation and project-related services together with general employee advice services to Brambles during the Year. These services did not include a Recommendation.

During the Year, the Committee reviewed the arrangement relating to the engagement of its independent, external advisor. As a result, Brambles has made arrangements to ensure that the making of any Recommendations would be free from undue influence by the Disclosable Executives to whom a Recommendation may relate.

The engagement letter entered into by Brambles and Ernst & Young contains an agreed set of engagement protocols which apply to the provision of Recommendations to Brambles. These include:

- An agreed set of pre-approved services Ernst & Young may provide Brambles management, which excluded Recommendations;
- Any requests to Ernst & Young from Brambles management which might constitute a Recommendation are to be referred by Ernst & Young to the Committee for its consideration and direction;
- Ernst & Young is not permitted to provide Recommendations to Brambles' management; and
- If Ernst & Young provides a Recommendation, it would include with it a declaration that it has not been unduly influenced by the Disclosable Executive subject to the Recommendation;

- Representatives of Ernst & Young attend all Committee meetings;
- Except for CEO Tom Gorman and Group Senior Vice President of Human Resources, Nick Smith, the Disclosable Executives do not attend Committee meetings;
- Mr Gorman and Mr Smith do not attend those parts of any Committee meeting when their remuneration is being reviewed or discussed; and
- The Committee meets with Ernst & Young without management being present, during which time any issues or questions relating to Disclosable Executives' remuneration which are not appropriate to discuss with management present, may be discussed.

9. APPENDICES

9.1 BASIS OF VALUATION OF EQUITY-BASED AWARDS

Unless otherwise specified, the fair values of the options and share rights included in the tables in this report have been estimated by Ernst & Young Transaction Advisory Services in accordance with the requirements of AASB 2: Share-based Payments using a binomial model. Assumptions used in the evaluations are outlined in Note 28, pages 95 and 96 of the financial statements.

9.2 SUMMARY OF 2006 PLANS

The table below contains details of the 2006 Share Plan and MyShare Plan under which former or current Disclosable Executives have unvested and/or unexercised awards which could affect remuneration in this or future reporting periods. The plans in bold relate to the Plans and targets which were relevant to vesting during the Year.

Plan	Nature of award	Size of award	Vesting condition	Vesting schedule	Performance/ vesting period	Life of award
2006 Share Plan (STI)	Share rights	Up to 100% of size of STI cash award	Time only	100% vesting based on continuous employment.	Two years	Maximum six years
2006 Share Plan (TSR LTI)	Share rights	% of salary/TFR	Time and relative TSR hurdle	40% vesting if TSR is equal to the median ranked company. 100% vesting if 25% above the median ranked company.	Three years	Maximum six years
2006 Share Plan (FY11-FY13 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance	30% vesting occurs if CAGR is 5% and BVA is US\$900M over three-year period. 100% vesting occurs if CAGR is 7% and BVA is US\$1,300M over three-year period.	Three years	Maximum six years
2006 Share Plan (FY12-FY14 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance	20% vesting occurs if CAGR is 6% and BVA is US\$850M over three-year period. 100% vesting occurs if CAGR is 8% and BVA is US\$1,250M over three year period.	Three years	Maximum six years
2006 Share Plan (FY13-FY15 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance	20% vesting occurs if CAGR is 5% and BVA is US\$950M over three-year period. 100% vesting occurs if CAGR is 7% and BVA is US\$1,350M over three-year period.	Three years	Maximum six years
MyShare	Matching Awards	1:1 Matching Awards for every Acquired Share purchased	Time and retention of Acquired Shares	N/A	Two years from first acquisition	Automatic exercise on second anniversary of first acquisition

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

9.3 SHARE RIGHTS

The terms and conditions of each grant of share rights affecting remuneration in this or future reporting periods are outlined in the table below. Share rights granted under the plans do not have an exercise price and carry no dividend or voting rights.

Plan	Plan number	Grant date	Expiry date	Value at grant	Status/vesting date
2006 Share Plans	1	29 August 2007 ³⁸	30 August 2013	A\$12.64	100% vested at 29 August 2010
	2	25 November 2009 ³⁸	25 November 2015 ³⁹	A\$5.85	100% vested at 25 November 2012
	3	25 November 2009 ⁴⁰	25 November 2015 ³⁹	A\$3.84	55.1% exercisable from 25 November 2012, remainder lapsed
	4	25 November 2009 ⁴¹	25 November 2015 ³⁹	A\$5.85	30% exercisable from 25 November 2012, remainder lapsed
	5	12 April 2010 ⁴¹	12 April 2016	A\$6.48	25 November 2013
	6	12 April 2010 ⁴⁰	12 April 2016	A\$4.26	25 November 2013
	7	24 November 2010 ³⁸	24 November 2016 ³⁹	A\$6.01	25 November 2013
	8	24 November 2010 ⁴⁰	24 November 2016 ³⁹	A\$3.78	25 November 2013
	9	24 November 2010 ⁴¹	24 November 2016 ³⁹	A\$6.01	25 November 2013
	10	31 March 2011	30 June 2017	A\$6.35	30 June 2014
	11	6 September 2011	1 August 2012 ³⁹	A\$6.17	100% vested at 1 July 2012
	12	6 September 2011	1 August 2013 ³⁹	A\$5.92	1 July 2013
	13	6 September 2011 ⁴²	6 September 2017 ³⁹	A\$5.92	6 September 2013
	14	6 September 2011 ⁴⁰	6 September 2017 ³⁹	A\$3.46	6 September 2014
	15	6 September 2011 ⁴¹	6 September 2017 ³⁹	A\$5.68	6 September 2014
	16	16 July 2012	1 September 2014 ³⁹	A\$6.09	1 September 2013
	17	25 September 2012 ⁴²	25 September 2018 ³⁹	A\$6.31	25 September 2014
	18	25 September 2012 ⁴⁰	25 September 2018 ³⁹	A\$3.41	25 September 2015
	19	25 September 2012 ⁴¹	25 September 2018 ³⁹	A\$6.07	25 September 2015
	20	12 October 2012	12 October 2018	A\$6.48	100% vested at 31 January 2013
	21	12 October 2012	12 October 2018	A\$6.48	100% vested at 31 May 2013
	22	12 October 2012	12 October 2018	A\$6.48	31 January 2014
	23	12 October 2012	12 October 2018	A\$6.48	31 May 2014
	24	12 October 2012	12 October 2018	A\$6.48	31 January 2015
	25	12 October 2012 ⁴⁰	25 September 2018	A\$3.50	25 September 2015
	26	12 October 2012 ⁴¹	25 September 2018	A\$6.23	25 September 2015

³⁸STI awards vest on the third anniversary of their grant date, subject to continued employment.

³⁹Awards granted to Elton Potts, Jean Holley, Peter Mackie and Jason Rabbino expire three years earlier than the date shown, or immediately after vesting, if earlier.

⁴⁰These LTI awards vest on the third anniversary of their grant date, subject to continued employment and meeting a TSR performance condition.

⁴¹These LTI awards vest on the third anniversary of their grant date, subject to continuing employment and meeting a sales revenue CAGR and BVA performance condition.

⁴²STI awards vest on the second anniversary of their grant date, subject to continued employment.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

Plan	Plan number	Grant date	Expiry date	Value at grant	Status/vesting date
MyShare	27	31 March 2011 ⁴³	1 April 2013	A\$6.73	100% vested on 31 March 2013
	28	29 April 2011 ⁴³	1 April 2013	A\$6.48	100% vested on 31 March 2013
	29	31 May 2011 ⁴³	1 April 2013	A\$6.94	100% vested on 31 March 2013
	30	30 June 2011 ⁴³	1 April 2013	A\$6.76	100% vested on 31 March 2013
	31	29 July 2011 ⁴³	1 April 2013	A\$6.58	100% vested on 31 March 2013
	32	31 August 2011 ⁴³	1 April 2013	A\$6.30	100% vested on 31 March 2013
	33	30 September 2011 ⁴³	1 April 2013	A\$6.05	100% vested on 31 March 2013
	34	31 October 2011 ⁴³	1 April 2013	A\$6.37	100% vested on 31 March 2013
	35	30 November 2011 ⁴³	1 April 2013	A\$6.73	100% vested on 31 March 2013
	36	30 December 2011 ⁴³	1 April 2013	A\$6.80	100% vested on 31 March 2013
	37	31 January 2012 ⁴³	1 April 2013	A\$6.94	100% vested on 31 March 2013
	38	29 February 2012 ⁴³	1 April 2013	A\$6.77	100% vested on 31 March 2013
	39	30 March 2012 ⁴⁴	1 April 2014	A\$6.73	31 March 2014
	40	30 April 2012 ⁴⁴	1 April 2014	A\$6.97	31 March 2014
	41	31 May 2012 ⁴⁴	1 April 2014	A\$6.26	31 March 2014
	42	29 June 2012 ⁴⁴	1 April 2014	A\$5.80	31 March 2014
	43	31 July 2012 ⁴⁴	1 April 2014	A\$5.93	31 March 2014
	44	31 August 2012 ⁴⁴	1 April 2014	A\$6.55	31 March 2014
	45	28 September 2012 ⁴⁴	1 April 2014	A\$6.57	31 March 2014
	46	31 October 2012 ⁴⁴	1 April 2014	A\$6.93	31 March 2014
	47	30 November 2012 ⁴⁴	1 April 2014	A\$6.94	31 March 2014
	48	28 December 2012 ⁴⁴	1 April 2014	A\$7.17	31 March 2014
	49	31 January 2013 ⁴⁴	1 April 2014	A\$7.74	31 March 2014
	50	28 February 2013 ⁴⁴	1 April 2014	A\$8.27	31 March 2014
	51	29 March 2013 ⁴⁵	1 April 2015	A\$8.08	31 March 2015
	52	30 April 2013 ⁴⁵	1 April 2015	A\$8.31	31 March 2015
	53	31 May 2013 ⁴⁵	1 April 2015	A\$8.86	31 March 2015
	54	28 June 2013 ⁴⁵	1 April 2015	A\$8.92	31 March 2015
	55	31 July 2013 ⁴⁵	1 April 2015	A\$8.74	31 March 2015

⁴³These Matching Awards granted under MyShare vest on 31 March 2013, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

⁴⁴These Matching Awards granted under MyShare vest on 31 March 2014, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

⁴⁵These Matching Awards granted under MyShare vest on 31 March 2015, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

9.4 SHARE BASED PAYMENTS - FUTURE POTENTIAL

The table below provides annual accounting values for shares granted during years 2010-2012 which have been amortised over three years. These share awards are subject to conditions set out in section 9.2. Remuneration will normally not be received as a result of the underlying share awards vesting until the conditions have been met.

(US\$'000)		Share based payment			
Name	Year	Total before equity	Awards	Share of FY 13 total remuneration	Total
EXECUTIVE DIRECTORS					
T Gorman	2013	3,730	1,624	30%	5,354
	2012	3,790	1,546	29%	5,336
CURRENT DISCLOSABLE EXECUTIVES					
Z Todorcevski	2013	1,800	1,054	37%	2,854
	2012	-	-	-	-
J Holley	2013	898	335	27%	1,233
	2012	809	194	19%	1,003
P Mackie	2013	1,208	538	31%	1,746
	2012	1,302	469	26%	1,771
D Pertz ⁴⁶	2013	587	1,134	66%	1,721
	2012	-	-	-	-
K Pohler	2013	1,368	512	27%	1,880
	2012	1,185	465	28%	1,650
J Rabbino	2013	899	79	8%	978
	2012	64	-	-	64
N Smith	2013	1,107	485	30%	1,592
	2012	1,003	481	32%	1,484
FORMER DISCLOSABLE EXECUTIVES					
G Hayes	2013	1,838	992	35%	2,830
	2012	2,531	1,306	34%	3,837
E Potts	2013	1,575	1,207	43%	2,782
	2012	847	463	35%	1,310
R Westerbos	2013	1,592	939	37%	2,531
	2012	1,352	301	18%	1,653
Totals	2013	16,602	8,899	-	25,501
	2012	12,883	5,225	-	18,108



Luke Mayhew
 Non-executive Director & Chairman of the Remuneration Committee
 22 August 2013

⁴⁶ This represents the Recall Award described in Section 6.3.

DIRECTORS' REPORT - OTHER INFORMATION

The information presented in this Report relates to the consolidated entity, the Brambles Group, consisting of Brambles Limited and the entities it controlled at the end of, or during the year ended 30 June 2013 (Year).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the Year were the provision of pooling solutions services and information management services. Brambles is a leading global provider of these services.

The Group's pooling solutions services comprised three operating business segments: Pallets, RPCs and Containers.

The Pallets business, carried out under the name CHEP, focusses on the outsourced management of returnable pallets, which it issues, collects and reissues through a network of service centres in multiple countries. Manufacturers, producers, distributors and retailers use these pallets and containers to transport their products safely and efficiently through the supply chain. In addition, Pallets provides supply chain optimisation and transport management services and, in the USA provides a national network of pallet management services, to sort, repair and reissue pallets.

The RPC business, carried out under the name IFCO in Europe, North and South America and CHEP in Australia, New Zealand and South Africa, focusses on the outsourced management of reusable plastic containers globally, which are used primarily to transport fresh produce from producers to grocery retailers.

The Containers business provides intermediate bulk, automotive and chemical and catalyst containers to its customers. It also operates an airline container pooling and repair business and a non-flight critical aviation equipment maintenance and repair business called CHEP Aerospace.

The information management services business, carried out under the name of Recall, is a global business and comprises the management of information, providing secure storage, digitisation, retrieval and destruction of information in multiple media formats.

There were no significant changes in the nature of the Group's principal activities during the Year.

REVIEW OF OPERATIONS AND RESULTS

A review of the Group's operations and a review of the results of those operations are given in the Letter from the Chairman & the CEO on page 1, the Operational & Financial Review on pages 2 to 13.

Information about the financial position of the Group is included in the Operational & Financial Review on pages 2 to 13 and in the Five-Year Financial Performance Summary on page 124.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 3 January 2013, Brambles announced the completed acquisition of Pallecon, a leading provider of Intermediate Bulk Container (IBC) solutions in Europe and the Asia-Pacific, for €135 million (US\$177 million).

Pallecon operates mainly in Western Europe, Australia and New Zealand, providing IBCs primarily for the transportation of liquids in the food, cosmetic and chemical industries. It has been operating for more than 30 years and operates a pool of approximately 180,000 IBCs.

Other than this, there were no significant changes to the state of affairs of the Group for the Year.

MATTERS SINCE THE END OF THE FINANCIAL YEAR

On 2 July 2013, Brambles announced the intention to demerge its information management business, Recall, by listing a new holding company, Recall Holdings Limited, on the ASX. Through the demerger, eligible Brambles shareholders will receive new shares in Recall Holdings Limited proportionate to their existing Brambles shareholding, while retaining their existing Brambles shares. Brambles will not retain any shareholding in Recall Holdings following the demerger.

Brambles expects to distribute a scheme book to shareholders in October 2013 containing: a recommendation from the Brambles Board in respect of the demerger; information about the mechanics of the demerger; information about the operating and financial profiles of both Recall Holdings Limited and the post-demerger Brambles; an independent expert's report; and additional information for shareholders.

Brambles intends to convene a meeting in December 2013 for shareholders to vote on the demerger proposal. Subject to the outcome of this shareholder vote and the satisfaction of other conditions (including receiving the relevant court and regulatory approvals) the final separation of Recall from Brambles and the listing of Recall Holdings Limited is expected to occur shortly thereafter.

Other than this, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2013 up to the date of this Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this Report, are set out in the Letter from the Chairman and CEO at page 1 and in the Operational & Financial Review on pages 2 to 13. Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS

The Directors have declared a final dividend for the Year of 13.5 Australian cents per share, which will be 30% franked. The dividend will be paid on 10 October 2013 to shareholders on the register on 13 September 2013.

On 11 April 2013, an interim dividend for the Year was paid, which was 13.5 Australian cents per share and 30% franked. On 11 October 2012, a final dividend for the year ended 30 June 2012 was paid, which was 13.0 Australian cents per share and 30% franked.

The unfranked component of each dividend paid during the Year was conduit foreign income. This means that no Australian dividend withholding tax was payable on the dividends that Brambles paid to non-resident shareholders.

DIRECTORS' REPORT - OTHER INFORMATION - CONTINUED

DIRECTORS

The name of each person who was a Director of Brambles Limited at any time during, or since the end of the Year, and the period for which they served as a Director during the Year, is set out below. The qualifications, experience and special responsibilities for Directors are set out on pages 16 to 17.

Douglas Gordon Duncan	1 July 2012 to date
Anthony Grant Froggatt	1 July 2012 to date
Thomas Joseph Gorman	1 July 2012 to date
David Peter Gosnell	1 July 2012 to date
Tahira Hassan	1 July 2012 to date
Gregory John Hayes	1 July 2012 to 1 October 2012
Stephen Paul Johns	1 July 2012 to date
Sarah Carolyn Hailes Kay	1 July 2012 to date
Graham John Kraehe AO	1 July 2012 to date
Christopher Luke Mayhew	1 July 2012 to date
Brian Martin Schwartz AM	1 July 2012 to date

SECRETARY

Details of the qualifications and the experience of the Company Secretary of Brambles Limited are as follows: Robert Nies Gerrard joined Brambles in 2003 as Senior Counsel and was appointed Group Company Secretary in February 2008. Prior to joining Brambles, he was General Counsel to, and Company Secretary of, Roc Oil Company Limited; Group Legal Manager, Cairn Energy plc; General Counsel to, and Company Secretary of, Command Petroleum Limited; and a solicitor with Allen Allen & Hemsley. He holds a Masters of Law (LLM) from the University of Sydney and Bachelor of Science (BSc) and Bachelor of Law (LLB) degrees from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales.

INDEMNITIES

Indemnities provided to Directors and officers in accordance with the constitution of Brambles Limited are detailed in Note 36 on page 118.

Insurance policies are in place to cover Directors and executive officers, however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

DIRECTORS' MEETINGS

Details of the Board committee memberships are given in the Corporate Governance Statement on pages 21, 24 and 28. The following table shows the actual Board and committee meetings held during the Year and the number attended by each Director or committee member.

Directors	Board meetings											
	Regular		Special		Special Committees		Audit Committee meetings		Remuneration Committee meetings		Nominations Committee meetings	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
D G Duncan	11	11	-	-	-	-	6	6				
A G Froggatt	11	11	-	-	-	-	6	6	1	1	5	5
T J Gorman	11	11	-	-	3	3						
D P Gosnell ^(c)	10	11	-	-	-	-	6	6				
T Hassan	11	11	-	-	-	-			9	9		
G J Hayes	1	2	-	-	-	-						
S P Johns ^(c)	10	11	-	-	4	4	6	6			5	5
S C H Kay	11	11	-	-	-	-	6	6				
G J Kraehe AO	11	11	-	-	4	4			9	9	5	5
C L Mayhew	10	11	-	-	-	-			9	9		
B M Schwartz AM	11	11	-	-	-	-			9	9		

^(a) The number of meetings attended during the period the Director was a member of the Board or relevant committee which the Director was eligible to attend.

^(b) The number of meetings held while the Director was a member of the Board or relevant committee which the Director was eligible to attend.

^(c) The meetings each of these Directors did not attend were one-hour telephone conference meetings.

DIRECTORS' REPORT - OTHER INFORMATION - CONTINUED

DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2010.

Director	Listed company	Period directorship held
D G Duncan	J.B. Hunt Transport Services, Inc.	2010 to current
	Benchmark Electronics, Inc.	2006 to current
A G Froggatt	AXA Asia Pacific Holdings Limited	2008 to 2011
	Billabong International Limited	2008 to current
	Coca-Cola Amatil Limited	2010 to current
T J Gorman	IFCO Systems NV (de-listed in October 2011)	2011 to current
D P Gosnell	None	-
T Hassan	None	-
G J Hayes	None	-
S P Johns	Leighton Holdings Limited	2009 to March 2013
	Spark Infrastructure Group	2005 to 2011
	Westfield Group:	
	Westfield Holdings Limited	1985 to May 2013
	Westfield America Trust (director of responsible entity, Westfield America Management Limited)	1996 to May 2013
	Westfield Trust and Carindale Property Trust (director of responsible entity, Westfield Management Limited)	1985 to May 2013
S C H Kay	Commonwealth Bank of Australia	2003 to current
G J Kraehe AO	Bluescope Steel Limited	2002 to current
	Djerriwarrh Investments Limited	2002 to current
C L Mayhew	WH Smith plc	2006 to 2010
	InterContinental Hotels Group plc	2011 to current
B M Schwartz AM	Insurance Australia Group Limited	2005 to current
	IAG Finance (New Zealand) Limited	2008 to current
	Westfield Group:	
	Westfield Holdings Limited	2009 to current
	Westfield America Trust (director of responsible entity, Westfield America Management Limited)	2009 to current
	Westfield Trust and Carindale Property Trust (director of responsible entity, Westfield Management Limited)	2009 to current

ENVIRONMENT

Brambles' Environmental Policy is set by the Board. It applies in all countries where Brambles operates. The Environmental Policy provides that Brambles will act with integrity and respect for the community and the environment and be committed to sound environmental practice in its daily operations. It is a minimum requirement that all Brambles operations comply with all relevant environmental laws and regulations. Additionally, employees are expected to care for the environment by adopting a specified set of environmental principles. Every business unit must ensure that those principles are adhered to, including in countries that may not yet have enacted laws for the protection of the environment.

Brambles has set environmental performance targets. Reporting of performance against those targets is contained in Brambles' Sustainability Review which will be available on the Brambles' website in September 2013. A copy of the complete Environmental Policy is set out in Brambles' Code of Conduct, which is available at www.brambles.com.

OCCUPATIONAL HEALTH AND SAFETY

The Board is responsible for setting Brambles' Health and Safety Policy, which states that Brambles is to provide and maintain a healthy and safe working environment and to prevent injury, illness or impairment to the health of employees, contractors, customers or the public.

Brambles has adopted a Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely and ensure human rights and environmental compliance is provided to all employees and, together with the complete Health and Safety Policy, is on the Brambles website www.brambles.com.

The Chief Executive Officer together with the Group Presidents of the Pallets, Containers, RPC and Recall business segments are responsible for policy implementation and safety performance.

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and comparison with industry benchmarks and provide incentives for improvement. Reporting on health and safety performance will be shown in the Sustainability Review, which will be available on Brambles' website in September 2013.

DIRECTORS' REPORT - OTHER INFORMATION - CONTINUED

EMPLOYEES

The Sustainability Review, available on Brambles' website in September 2013, will contain details of Brambles' performance as an employer.

INNOVATION, RESEARCH AND DEVELOPMENT

Innovation, whether of an incremental or step-change nature, is integral to Brambles' growth strategy. Brambles is focusing on three key areas: innovating to address customers' current and future needs; accelerating tomorrow's growth opportunities; and fostering and driving a culture of innovation. In 2011, Brambles launched an Innovation Fund, which has reviewed and funded a significant number of early-stage new business ideas. Brambles carries out research and development activities in relation to both its Pooled Solutions and Recall businesses. These activities comprise:

- Continuously testing its pallets, containers and other platforms to make them more durable, sustainable and safer for use in the supply chain;
- Enhancing existing, and developing new designs of pallets, containers and other supply chain platforms, for both new and existing markets;
- Improving pallet and container repair processes and equipment;
- Testing and developing unique identifier technologies, including radio frequency identification; and
- Research into and development of new service offerings, information technology and software solutions, and information and document management processes.

ENVIRONMENTAL REGULATION

Except as set out below, the Group's operations in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. The operations of the Group in Australia involve the use or development of land, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or Local government environmental and town planning regulations, or require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no material breaches of environmental statutory requirements and no material prosecutions during the Year. Brambles' businesses comply with all relevant environmental laws and regulations and none were involved in any material environmental prosecutions during the Year.

INTERESTS IN SECURITIES

Pages 42, 43 and 45 of the Directors' Report - Remuneration Report include details of the relevant interests of Directors, and other Group Executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

SHARE CAPITAL, OPTIONS AND SHARE RIGHTS

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights outstanding over Brambles Limited ordinary shares at the Year-end are given in Notes 27 and 28 on pages 94 to 96.

Other than the share rights in Recall Holdings granted to Mr Doug Pertz and which are described in Section 6.3 of the Directors' Report - Remuneration Report, no options, share rights or MyShare matching share rights over the shares of Brambles Limited's controlled entities were granted during or since the end of the Year to the date of this Report.

Since the end of the Year to the date of this Report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place, broken down by reference to the plan numbers shown on pages 47 to 48 of the Remuneration Report:

- 361 grants under the 2012 MyShare offer (plan numbers 39-50) and 63,316 under the 2013 MyShare offer (plan numbers 51-55);

- 80,172 exercises resulting in the issue of fully paid ordinary shares: 8,176 under the 2012 MyShare offer (plan numbers 39 to 50); 2,713 under the 2013 MyShare offer (plan numbers 51 to 55); 25,202 under plan 1; 4,867 under plan 2; 32,305 under plan 12; 4,474 under plan 3 and 2,435 under plan 4; and
- 1,137,657 lapses: 12,346 under the 2012 MyShare offer (plan numbers 39 to 50); 5,249 under the 2013 MyShare offer (plan numbers 51 to 55); 941,465 under plan 9; 8,015 under plan 6; 18,019 under plan 15; 35,305 under plan 19; 78,953 under plan 14; 35,305 under plan 18; and 3,000 under plan 17.

SHARE BUY-BACKS

No ordinary shares were bought-back and cancelled during the Year. There is no current on-market buy-back in operation.

RISK MANAGEMENT

A discussion of Brambles' risk profile, management and mitigation of risks can be found in the Operational & Financial Review on page 7 and the Corporate Governance Statement on pages 26 to 28.

TREASURY POLICIES

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found in the Operational & Financial Review on pages 3 and 4.

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The amount of US\$911,000 was paid or is payable to PricewaterhouseCoopers, the Group's auditors, for non-audit services provided during the Year by them (or another person or firm on their behalf). These services primarily related to financial due diligence for the demerger of Recall, treasury consulting services, compliance tracking system, regulatory reporting and tax consulting advice. The Audit Committee has reviewed the provision of non-audit services by PricewaterhouseCoopers and its related practices and provided the Directors with formal written advice of a resolution passed by the Audit Committee. Consistent with this advice, the Directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers and its related practices did not compromise the auditor independence requirements of the Act for the following reasons: the nature of the non-audit services provided during the Year; the quantum of non-audit fees compared to overall audit fees; and the pre-approval, monitoring and ongoing review requirements under the Audit Committee Charter and the Charter of Audit Independence in relation to non-audit work. The auditors have also provided the Audit Committee with a letter confirming that, in their professional judgement, as at 15 August 2013 they have maintained their independence in accordance with their firm's requirements, with the provisions of APES 110 - Code of Ethics for Professional Accountants and the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Act is set out on page 123.

ANNUAL GENERAL MEETING

The AGM will be held at 2.00pm (AEDT) on 22 October 2013 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000. This Directors' Report is made in accordance with a resolution of the Board.



G J Kraehe AO
Chairman

22 August 2013



T J Gorman
CEO

SHAREHOLDER INFORMATION

DIRECTORS

G J Kraehe AO

(Non-executive Chairman)

D G Duncan

(Non-executive Director)

A G Froggatt

(Non-executive Director)

T J Gorman

(Chief Executive Officer)

D P Gosnell

(Non-executive Director)

T Hassan

(Non-executive Director)

S P Johns

(Non-executive Director)

S C H Kay

(Non-executive Director)

C L Mayhew

(Non-executive Director)

B M Schwartz AM

(Non-executive Director)

COMPANY SECRETARY

R N Gerrard

STOCK EXCHANGE LISTING

Brambles' ordinary shares are listed on the Australian Securities Exchange and are traded under the stock code "BXB".

UNCERTIFICATED FORMS OF SHAREHOLDING

Brambles' ordinary shares are held in uncertificated form. There are two types of uncertificated holdings:

Issuer Sponsored Holdings: This type of holding is recorded on a subregister of the Brambles share register, maintained by Brambles. If your holding is recorded on the issuer sponsored subregister, you will be allocated a Securityholder Reference Number or SRN, which is a unique number used to identify your holding of ordinary shares in Brambles.

Broker Sponsored Holdings: This type of holding is recorded on the main Brambles share register. Shareholders who are sponsored by an ASX market participant broker will be allocated a Holder Identification Number or HIN. One HIN can relate to an investor's shareholdings in multiple companies. For example, a shareholder with a portfolio of holdings which are managed by a broker would have the same HIN for each shareholding.

SHARE SALE FACILITY

Ordinarily, Issuer Sponsored shareholders must establish a relationship with a broker in order to sell their shares. However, Brambles' share registry provides Issuer Sponsored shareholders with an alternative to traditional share sale services. If you would like to take advantage of this service to sell your entire Brambles shareholding, please contact Link Market Services at the address set out in Contact Information on the back cover of the Annual Report. Please note that under anti-money laundering regulations, Link Market Services may require shareholders to complete an identification information form.

If you are a Broker Sponsored shareholder, please contact your broker if you wish to sell your Brambles shares.

DIVIDEND

Shareholders may elect to receive dividend payments in Australian dollars or pounds sterling, by contacting Link Market Services at the address set out in Contact Information on the back cover of the Annual Report.

ANNUAL GENERAL MEETING

The Brambles Limited 2013 AGM will be held at 2.00pm (AEDT) on 22 October 2013 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

FINANCIAL CALENDAR

FINAL DIVIDEND 2013

Ex dividend date - Monday, 9 September 2013

Record date - Friday, 13 September 2013

Payment date - Thursday, 10 October 2013

2014 (PROVISIONAL)

Announcement of interim results - mid February 2014

Interim dividend - mid April 2014

Announcement of final results - mid August 2014

Final dividend - mid October 2014

AGM - November 2014

SHAREHOLDER INFORMATION - CONTINUED

ANALYSIS OF HOLDERS OF EQUITY SECURITIES AS AT 6 AUGUST 2013

SUBSTANTIAL SHAREHOLDERS

Brambles has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital ⁽¹⁾
Schroder Investment Management Australia Limited	101,032,203	6.49%
Commonwealth Bank of Australia	78,315,546	5.03%

⁽¹⁾ Percentages are as disclosed in substantial holding notices given to Brambles Limited.

NUMBER OF ORDINARY SHARES ON ISSUE AND DISTRIBUTION OF HOLDINGS

	Holders	Shares
1 - 1,000	26,405	12,851,184
1,001 - 5,000	27,450	64,683,869
5,001 - 10,000	5,156	36,107,846
10,001 - 100,000	3,076	63,716,428
100,001 and over	168	1,380,076,076
Total	62,255	1,557,435,403

The number of members holding less than a marketable parcel of 54 ordinary shares (based on a market price of A\$9.40 on 6 August 2013) is 921 and they hold a total of 16,898 ordinary shares. The voting rights of ordinary shares are described on page 56.

NUMBER OF SHARE RIGHTS ON ISSUE AND DISTRIBUTION OF HOLDINGS

	Holders	Share rights
1 - 1,000	2,694	889,786
1,001 - 5,000	76	264,136
5,001 - 10,000	34	243,505
10,001 - 100,000	73	3,205,189
100,001 and over	34	8,121,539
Total	2,911	12,724,155

The voting rights of performance share rights and MyShare Matching Awards are described on page 56.

SHAREHOLDER INFORMATION - CONTINUED

TWENTY LARGEST ORDINARY SHAREHOLDERS

Name	Number of ordinary shares	% of issued ordinary share capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	422,702,565	27.14%
J P MORGAN NOMINEES AUSTRALIA LIMITED	315,261,202	20.24%
NATIONAL NOMINEES LIMITED	287,862,165	18.48%
CITICORP NOMINEES PTY LIMITED	78,905,089	5.07%
BNP PARIBAS NOMS PTY LTD <DRP>	45,319,515	2.91%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	41,923,544	2.69%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	36,303,872	2.33%
AMP LIFE LIMITED	11,963,661	0.77%
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	11,173,530	0.72%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,402,043	0.54%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	7,615,334	0.49%
CITICORP NOMINEES PTY LIMITED <BHP BILLITON ADR HOLDERS A/C>	6,782,494	0.44%
CS FOURTH NOMINEES PTY LTD	5,862,224	0.38%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	5,433,100	0.35%
ARGO INVESTMENTS LIMITED	4,556,341	0.29%
UBS NOMINEES PTY LTD	3,710,094	0.24%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MBA A/C>	3,656,470	0.23%
SHARE DIRECT NOMINEES PTY LTD <10026 A/C>	3,504,829	0.23%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,355,396	0.22%
UBS NOMINEES PTY LTD	3,325,000	0.21%
Percentage of total holdings of 20 largest holders	1,307,618,468	83.97%

VOTING RIGHTS: ORDINARY SHARES

Brambles Limited's constitution provides that each member entitled to attend and vote may do so in person or by proxy, by attorney or, where the member is a body corporate, by representative. The Directors may also determine that at any general meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in relation to that resolution. The Directors have prescribed rules to govern direct voting which are available at www.brambles.com.

On a show of hands, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on a resolution has one vote. The Directors have determined that members who submit a direct vote will be excluded on a vote by a show of hands.

On a poll, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on the resolution has one vote for each ordinary share held. The Directors have determined that votes cast by members who submit a direct vote will be included on a vote by a poll, being one vote for each ordinary share held.

VOTING RIGHTS: SHARE RIGHTS

Performance share rights over ordinary shares and MyShare Matching Awards do not carry any voting rights.

FINANCIAL REPORT

for the year ended 30 June 2013

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CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2013

	Note	2013 US\$m	2012 US\$m
Continuing operations			
Sales revenue	5A	5,889.9	5,625.0
Other income	5A	145.1	142.6
Operating expenses	5B	(5,030.2)	(4,833.9)
Share of results of joint ventures	19C	6.4	5.5
Operating profit		1,011.2	939.2
Finance revenue		20.3	21.5
Finance costs		(131.2)	(173.5)
Net finance costs	8	(110.9)	(152.0)
Profit before tax		900.3	787.2
Tax expense	9	(260.4)	(212.3)
Profit from continuing operations		639.9	574.9
Profit from discontinued operations	12	0.7	1.4
Profit for the year		640.6	576.3
Profit attributable to members of the parent entity		640.6	576.3
Earnings per share (cents)	10		
Total			
- basic		41.2	38.9
- diluted		40.9	38.6
Continuing operations			
- basic		41.1	38.8
- diluted		40.9	38.5

The consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Note	2013 US\$m	2012 US\$m
Profit for the year		640.6	576.3
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit pension plans	26E	(11.1)	(19.7)
Income tax on items that will not be reclassified to profit or loss	9A	2.4	5.4
		(8.7)	(14.3)
Items that may be reclassified to profit or loss:			
Exchange differences:			
- on translation of foreign subsidiaries	29	(70.7)	(192.5)
- FCTR released to profit	29	-	(12.5)
- on entities disposed taken to profit	29	-	(1.7)
Cash flow hedges	29	1.8	5.1
Income tax on items that may be reclassified to profit or loss	9A	(0.7)	(1.7)
		(69.6)	(203.3)
Other comprehensive loss for the year		(78.3)	(217.6)
Total comprehensive income for the year attributable to members of the parent entity		562.3	358.7

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

as at 30 June 2013

	Note	2013 US\$m	2012 US\$m
ASSETS			
Current assets			
Cash and cash equivalents	14	128.9	174.2
Trade and other receivables	15	1,124.2	1,054.8
Inventories	16	56.2	48.2
Derivative financial instruments	17	10.9	8.9
Other assets	18	60.7	66.2
Total current assets		1,380.9	1,352.3
Non-current assets			
Other receivables	15	9.2	8.5
Investments	19	20.1	17.1
Property, plant and equipment	20	4,407.9	4,138.6
Goodwill	21	1,736.7	1,607.4
Intangible assets	22	336.5	362.2
Deferred tax assets	9C	48.2	37.6
Derivative financial instruments	17	9.8	19.0
Other assets	18	2.6	3.0
Total non-current assets		6,571.0	6,193.4
Total assets		7,951.9	7,545.7
LIABILITIES			
Current liabilities			
Trade and other payables	23	1,253.5	1,176.8
Borrowings	24	156.9	86.4
Derivative financial instruments	17	9.5	5.0
Tax payable		62.9	46.5
Provisions	25	110.8	90.1
Total current liabilities		1,593.6	1,404.8
Non-current liabilities			
Borrowings	24	2,686.4	2,777.7
Derivative financial instruments	17	-	0.8
Provisions	25	25.8	30.4
Retirement benefit obligations	26	51.2	58.8
Deferred tax liabilities	9D	545.2	505.7
Other liabilities	23	24.3	27.1
Total non-current liabilities		3,332.9	3,400.5
Total liabilities		4,926.5	4,805.3
Net assets		3,025.4	2,740.4
EQUITY			
Contributed equity	27	6,618.5	6,484.1
Reserves	29	(6,748.2)	(6,689.1)
Retained earnings	29	3,155.1	2,945.4
Total equity		3,025.4	2,740.4

The consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2013

	Note	2013 US\$m	2012 US\$m
Cash flows from operating activities			
Receipts from customers		6,604.8	6,217.7
Payments to suppliers and employees		(4,961.6)	(4,759.2)
Cash generated from operations		1,643.2	1,458.5
Dividends received from joint ventures		3.5	4.2
Interest received		4.1	5.8
Interest paid		(119.8)	(164.2)
Income taxes paid on operating activities		(191.1)	(215.1)
Net cash inflow from operating activities	31B	1,339.9	1,089.2
Cash flows from investing activities			
Payments for property, plant and equipment		(905.1)	(949.4)
Proceeds from sale of property, plant and equipment		110.5	93.5
Payments for intangible assets		(36.7)	(53.8)
Costs incurred on disposal of businesses		-	(0.4)
Acquisition of subsidiaries, net of cash acquired		(179.0)	(22.7)
Net cash outflow from investing activities		(1,010.3)	(932.8)
Cash flows from financing activities			
Proceeds from borrowings		1,585.7	1,721.5
Repayments of borrowings		(1,679.6)	(1,710.0)
Net inflow from hedge instruments		6.6	4.6
Proceeds from issues of ordinary shares		117.4	326.6
Dividends paid		(425.5)	(397.7)
Net cash outflow from financing activities		(395.4)	(55.0)
Net (decrease)/increase in cash and cash equivalents		(65.8)	101.4
Cash and deposits, net of overdrafts, at beginning of the year		152.7	80.4
Effect of exchange rate changes		(11.9)	(29.1)
Cash and deposits, net of overdrafts, at end of the year	31A	75.0	152.7

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Note	Share capital US\$m	Reserves ¹ US\$m	Retained earnings US\$m	Non-controlling interest US\$m	Total US\$m
Year ended 30 June 2012						
Opening balance		14,370.2	(14,716.8)	2,797.6	0.4	2,451.4
Profit for the year		-	-	576.3	-	576.3
Other comprehensive income		-	(203.3)	(14.3)	-	(217.6)
Total comprehensive income		-	(203.3)	562.0	-	358.7
Share-based payments:						
- expense recognised		-	18.6	-	-	18.6
- shares issued		-	(11.1)	-	-	(11.1)
- equity component of related tax		-	0.1	-	-	0.1
Transactions with owners in their capacity as owners:						
- dividends declared	29	-	-	(414.2)	-	(414.2)
- issues of ordinary shares, net of transaction costs	27	337.3	-	-	-	337.3
- capital reduction		(8,223.4)	8,223.4	-	-	-
- disposal of non-controlling interest		-	-	-	(0.4)	(0.4)
Closing balance		6,484.1	(6,689.1)	2,945.4	-	2,740.4
Year ended 30 June 2013						
Opening balance		6,484.1	(6,689.1)	2,945.4	-	2,740.4
Profit for the year		-	-	640.6	-	640.6
Other comprehensive income		-	(69.6)	(8.7)	-	(78.3)
Total comprehensive income		-	(69.6)	631.9	-	562.3
Share-based payments:						
- expense recognised		-	23.0	-	-	23.0
- shares issued		-	(17.1)	-	-	(17.1)
- equity component of related tax		-	4.6	-	-	4.6
Transactions with owners in their capacity as owners:						
- dividends declared	29	-	-	(422.2)	-	(422.2)
- issues of ordinary shares, net of transaction costs	27	134.4	-	-	-	134.4
Closing balance		6,618.5	(6,748.2)	3,155.1	-	3,025.4

¹ Refer Note 29 for further information on reserves.

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

NOTE 1. BASIS OF PREPARATION

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) (Company) and its subsidiaries (Brambles or the Group) for the year ended 30 June 2013.

The financial statements comply with International Financial Reporting Standards (IFRS). This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the requirements of the Corporations Act 2001 (Act).

The financial statements are drawn up in accordance with the conventions of historical cost accounting, except for derivative financial instruments and financial assets and liabilities at fair value through profit or loss.

References to 2013 and 2012 are to the financial years ended 30 June 2013 and 30 June 2012 respectively.

Details of Unification, whereby Brambles Limited acquired all the share capital of Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) under separate schemes of arrangement on 4 December 2006, are set out in Brambles' 2007 Annual Report.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and all comparatives have been prepared using the accounting policies set out below which are consistent with the prior year, except for financial statements presentation.

Changes in accounting policies

Brambles has applied revised AASB 101: Presentation of Financial Statements from 1 July 2012. The revised standard requires entities to separate items presented in other comprehensive income into two groups, based on whether the items may be recycled to profit or loss in the future. This change in accounting policy only relates to disclosures and does not impact amounts recognised in the financial statements. Comparative information has been re-presented to conform to the revised standard.

Basis of consolidation

The consolidated financial statements of Brambles include the assets, liabilities and results of Brambles Limited and all its legal subsidiaries. The consolidation process eliminates all inter-entity accounts and transactions. Any financial statements of overseas subsidiaries that have been prepared in accordance with overseas accounting practices have been adjusted to comply with AAS before inclusion in the consolidation process. The financial statements of all material subsidiaries are prepared for the same reporting period.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognised. Any acquisition-related transaction costs are expensed in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investment in controlled entities

Shares in controlled entities, as recorded in the parent entity, are recorded at cost, less provision for impairment.

Investment in joint ventures

Investments in joint venture entities are accounted for using the equity method in the consolidated financial statements, and include any goodwill arising on acquisition. Under this method, Brambles' share of the post-acquisition profits or losses of the joint venture is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

If Brambles' share of losses in a joint venture equals or exceeds its interest in the joint venture, Brambles does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Loans to equity accounted joint ventures under formal loan agreements are long term in nature and are included as investments.

Where there has been a change recognised directly in the joint venture's equity, Brambles recognises its share of any changes as a change in equity.

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations

The trading results for business operations disposed during the year or classified as held for sale are disclosed separately as discontinued operations in the income statement. The amount disclosed includes any related impairment losses recognised and any gains or losses arising on disposal.

Comparative amounts for the prior year are restated in the income statement to include current year discontinued operations.

Presentation currency

The consolidated and summarised parent entity financial statements are presented in US dollars.

Brambles uses the US dollar as its presentation currency because:

- a significant portion of Brambles' activity is denominated in US dollars; and
- the US dollar is widely understood by Australian, UK and international investors and analysts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign currency

Items included in the financial statements of each of Brambles' entities are measured using the functional currency of each entity.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are recognised directly in equity.

The results and cash flows of Brambles Limited, subsidiaries and joint ventures are translated into US dollars using the average exchange rates for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Assets and liabilities of Brambles Limited, subsidiaries and joint ventures are translated into US dollars at the exchange rate ruling at the balance sheet date. The share capital of Brambles Limited is translated into US dollars at historical rates. All resulting exchange differences arising on the translation of Brambles' overseas and Australian entities are recognised as a separate component of equity.

The financial statements of foreign subsidiaries and joint ventures that report in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the balance sheet date before they are translated into US dollars.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The principal exchange rates affecting Brambles were:

		US\$:A\$	US\$:€	US\$:£
Average	2013	1.0212	1.2939	1.5667
	2012	1.0304	1.3325	1.5834
Year end	30 June 2013	0.9134	1.3015	1.5206
	30 June 2012	1.0032	1.2440	1.5515

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Brambles and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid (Goods and Services Tax and local equivalents).

Revenue for services is recognised when invoicing the customer following the provision of the service and/or under the terms of agreed contracts in accordance with agreed contractual terms in the period in which the service is provided.

Other income

Other income includes net gains on disposal of property, plant and equipment in the ordinary course of business, which are recognised when control of the property has passed to the buyer. Amounts arising from compensation for irrecoverable pooling equipment are recognised only when it is probable that they will be received.

Dividends

Dividend revenue is recognised when Brambles' right to receive the payment is established. Dividends received from investments in subsidiaries and joint ventures are recognised as revenue, even if they are paid out of pre-acquisition profits.

Finance revenue

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs are recognised as expenses in the year in which they are incurred, except where they are included in the cost of qualifying assets.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year. No borrowing costs were capitalised in 2013 or 2012.

Pensions and other post-employment benefits

Payments to defined contribution pension schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where Brambles' obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

A liability in respect of defined benefit pension schemes is recognised in the balance sheet, measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension scheme's assets at that date. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds.

The costs of providing pensions under defined benefit schemes are calculated using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Actuarial gains and losses arising from differences between expected and actual returns, and the effect of changes in actuarial assumptions are recognised in full through the statement of comprehensive income in the period in which they arise.

The costs of other post-employment liabilities are calculated in a similar way to defined benefit pension schemes and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Executive and employee share-based compensation plans

Incentives in the form of share-based compensation benefits are provided to executives and employees under performance share and MyShare employee share plans approved by shareholders.

Performance share awards are fair valued by qualified actuaries at their grant dates in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

Executives and employees in certain jurisdictions are provided cash incentives calculated by reference to the awards under the share-based compensation schemes (phantom shares). These phantom shares are fair valued on initial grant and at each subsequent reporting date.

The cost of such phantom shares is charged to the income statement over the relevant vesting periods, with a corresponding increase in provisions.

The fair value calculation of performance shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, Brambles reviews its estimate of the number of performance shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Significant Items and Underlying Profit

Significant Items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items. It is presented within the segment information note to assist users of the financial statements to better understand Brambles' business results.

ASSETS

Cash and cash equivalents

For purposes of the cash flow statement, cash includes deposits at call with financial institutions and other highly liquid investments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are presented within borrowings in the balance sheet.

Receivables

Trade receivables due within one year do not carry any interest and are recognised at amounts receivable less an allowance for any uncollectible amounts. Trade receivables are recognised when services are provided and settlement is expected within normal credit terms.

Bad debts are written-off when identified. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. Significant financial difficulties of the debtor, probability that the debtor will enter liquidation, receivership or bankruptcy, and default or significant delay in payment are considered indicators that the trade receivable is doubtful.

The amount of the provision is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. When a trade receivable for which a provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Inventories

Stock and stores on hand are valued at the lower of cost and net realisable value and, where appropriate, provision is made for possible obsolescence. Work in progress, which represents partly-completed work undertaken at pre-arranged rates but not invoiced at the balance sheet date, is recorded at the lower of cost or net realisable value.

Cost is determined on a first-in, first-out basis and, where relevant, includes an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

Recoverable amount of non-current assets

At each reporting date, Brambles assesses whether there is any indication that an asset, or cash generating unit to which the asset belongs, may be impaired. Where an indicator of impairment exists, Brambles makes a formal estimate of recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognised in the income statement in the reporting period in which the write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market risk adjusted discount rate.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost, net of depreciation and any impairment, except land which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of assets, and, where applicable, an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to Brambles. Repairs and maintenance are expensed in the income statement in the period they are incurred.

Depreciation is charged in the financial statements so as to write-off the cost of all PPE, other than freehold land, to their residual value on a straight-line or reducing balance basis over their expected useful lives to Brambles. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The expected useful lives of PPE are generally:

- buildings 50 years
- pooling equipment 5-10 years
- other plant and equipment (owned and leased) 3-20 years

The cost of improvements to leasehold properties is amortised over the unexpired portion of the lease, or the estimated useful life of the improvement to Brambles, whichever is the shorter.

Provision is made for irrecoverable pooling equipment based on experience in each market. The provision is presented within accumulated depreciation.

The carrying values of PPE are reviewed for impairment when circumstances indicate their carrying values may not be recoverable. Assets are assessed within the cash generating unit to which they belong. Any impairment losses are recognised in the income statement.

The recoverable amount of PPE is the greater of its fair value less costs to sell and its value in use. Value in use is determined as estimated future cash flows discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risk specific to the asset.

PPE is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any net gain or loss arising on derecognition of the asset is included in the income statement and presented within other income in the period in which the asset is derecognised.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill represents the excess of the cost of an acquisition over the fair value of Brambles' share of the net identifiable assets of the acquired subsidiary or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investments in joint ventures.

Upon acquisition, any goodwill arising is allocated to each cash generating unit expected to benefit from the acquisition. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised when the recoverable amount of the cash generating unit is less than its carrying amount.

On disposal of an operation, goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Intangible assets

Intangible assets acquired are capitalised at cost, unless acquired as part of a business combination in which case they are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less provisions for amortisation and impairment.

The costs of acquiring and developing computer software for internal use are capitalised as intangible non-current assets where it is used to support a significant business system and the expenditure leads to the creation of a durable asset.

Useful lives have been established for all non-goodwill intangible assets. Amortisation charges are expensed in the income statement on a straight-line basis over those useful lives. Estimated useful lives are reviewed annually.

The expected useful lives of intangible assets are generally:

- customer lists and relationships 3-20 years
- computer software 3-10 years

There are no non-goodwill intangible assets with indefinite lives.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

LIABILITIES

Payables

Trade and other creditors represent liabilities for goods and services provided to Brambles prior to the end of the financial year which remain unpaid at the reporting date. The amounts are unsecured and are paid within normal credit terms.

Non-current payables are discounted to present value using the effective interest method.

Provisions

Provisions for liabilities are made on the basis that, due to a past event, the business has a constructive or legal obligation to transfer economic benefits that are of uncertain timing or amount. Provisions are measured at the present value of management's best estimate at the balance sheet date of the expenditure required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks appropriate to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Brambles has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee entitlements

Employee entitlements are provided by Brambles in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, sick leave, long service leave and contract entitlements. Annual leave and sick leave entitlements are presented within trade and other payables.

Liabilities for annual leave, as well as those employee entitlements which are expected to be settled within one year, are measured at the amounts expected to be paid when they are settled. All other employee entitlement liabilities are measured at the estimated present value of the future cash outflows to be made in respect of services provided by employees up to the reporting date.

Dividends

A provision for dividends is only recognised where the dividends have been declared prior to the reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments under operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

Finance leases

Finance leases, which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to Brambles, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, present value of the minimum lease payments, and disclosed as property, plant and equipment held under lease. A lease liability of equal value is also recognised.

Lease payments are allocated between finance charges and a reduction of the lease liability so as to achieve a constant period rate of interest on the lease liability outstanding each period. The finance charge is recognised as a finance cost in the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Income tax

The income tax expense or benefit for the year is the tax payable or receivable on the current year's taxable income based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, calculated using tax rates which are enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are not recognised:

- where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of temporary differences associated with investments in subsidiaries and joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Current and deferred tax attributable to amounts recognised directly in equity are also recognised directly in equity.

Financial assets

Brambles classifies its financial assets in the following two categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are recognised on Brambles' balance sheet when Brambles becomes a party to the contractual provisions of the instrument. Derecognition takes place when Brambles no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivatives and hedging activities

Derivative instruments used by Brambles, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, caps, collars, forward rate agreements and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of Brambles' existing underlying exposure in line with Brambles' risk management policies.

Derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturities at the balance sheet date. The fair value of interest rate swap contracts is calculated as the present value of the forward cash flows of the instrument after applying market rates and standard valuation techniques.

For the purposes of hedge accounting, hedges are classified as either fair value hedges, cash flow hedges or net investment hedges.

Fair value hedges

Fair value hedges are derivatives that hedge exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment. In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

Hedge accounting is discontinued prospectively if the hedge is terminated or no longer meets the hedge accounting criteria. In this case, any adjustment to the carrying amounts of the hedged item for the designated risk for interest-bearing financial instruments is amortised to the income statement following termination of the hedge.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash flow hedges

Cash flow hedges are derivatives that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

In relation to cash flow hedges to hedge forecast transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Net investment hedges

Hedges for net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Where derivatives do not qualify for hedge accounting, gains or losses arising from changes in their fair value are taken directly to net profit or loss for the year.

Contributed equity

Ordinary shares including share premium are classified as contributed equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of Brambles' own equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds of issue.

Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members of the parent entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and finance costs associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

EPS on Underlying profit after finance costs and tax is calculated as Underlying profit after finance costs and tax attributable to members of the parent entity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

New accounting standards and interpretations issued but not yet applied

At 30 June 2013, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. Brambles has not early-adopted these new or amended accounting standards and interpretations in 2013.

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 are applicable to annual reporting periods beginning on or after 1 January 2013. AASB 9 addresses the classification, measurement and derecognition of financial assets and liabilities and may affect Brambles' accounting for financial assets and liabilities. Brambles does not expect that this standard will have a significant impact on its financial statements.

AASB 10: Consolidated Financial Statements is applicable to annual reporting periods beginning 1 January 2013. This standard introduces a single definition of control that applies to all entities. The standard focuses on the need to have both power and rights or exposure to variable returns for control to be established. Brambles does not expect that this standard will have a significant impact on its financial statements.

AASB 11: Joint Arrangements is applicable to annual reporting periods beginning 1 January 2013. AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus has shifted from the legal structure of the joint arrangements to how the rights and obligations are shared by the parties to the joint arrangements. Brambles does not expect that this standard will have a significant impact on its financial statements.

AASB 12: Disclosure of Interests in Other Entities is applicable to annual reporting periods beginning 1 January 2013. This standard sets out the disclosure requirements of AASB 10 and AASB 11. Application of this standard will not impact amounts recognised in the financial statements.

AASB 13: Fair Value Measurements and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 are applicable to annual reporting periods beginning 1 January 2013. This standard provides guidance on measuring fair value and aims to enhance fair value disclosures. Brambles does not expect that this standard will have a significant impact on its financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

AASB 19: Employee Benefits is applicable to annual reporting periods beginning on or after 1 January 2013. The revised standard requires all remeasurements of defined benefit plan assets and liabilities to be recognised immediately in other comprehensive income. It further requires net interest expense on net defined benefit liability to be calculated using a discount rate. The revised requirements replace the expected return on plan assets that is currently included in the profit or loss. If this revised standard had been applied in 2013, pre-tax profit would have been US\$2.2 million lower primarily because the discount rate is lower than the expected return on plan assets. The net pension deficit would have been unchanged.

AASB 2011-4 Amendments to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013). The revised standard removes the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments cannot be adopted early.

AASB 2012-3: Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities and AASB 2012-2: Disclosures - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 and 1 January 2013 respectively). The revised standards clarify requirements to offset financial assets and financial liabilities in the balance sheet. The revised requirements are not expected to affect the accounting for any of Brambles' current offsetting arrangements, however additional disclosures in relation to offsetting arrangements may be required.

Rounding of amounts

As Brambles is a company of a kind referred to in ASIC Class Order 98/100, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying its accounting policies, Brambles has made estimates and assumptions concerning the future, which may differ from the related actual outcomes. Those estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Irrecoverable pooling equipment provisioning

Loss or damage is an inherent risk of pooling equipment operations. Brambles' pooling equipment operations around the world differ in terms of business model, market dynamics, customer and distribution channel profiles, contractual arrangements and operational details. CHEP conducts audits continuously throughout the year to confirm the existence and the condition of its pooling equipment assets and to validate CHEP's customer hire records. During these audits, which take place at CHEP plants, customer sites and other locations, pooling equipment is counted on a sample basis and reconciled to the balances shown in CHEP's customer hire records. Brambles also monitors its pooling equipment operations using detailed key performance indicators (KPIs).

The irrecoverable pooling equipment provision is determined by reference to historical statistical data in each market, including the outcome of audits and relevant KPIs, together with management estimates of future equipment losses.

Impairment of goodwill

Brambles' business units undertake an impairment review process annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. The recoverable amount of the goodwill in continuing operations is determined based on value in use calculations undertaken at the cash generating unit level. These calculations require the use of key assumptions which are set out in Note 21.

Income taxes

Brambles is a global company and is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Brambles recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. Refer to Note 9 for further details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 4. SEGMENT INFORMATION

Brambles' segment information is provided on the same basis as internal management reporting to the CEO and reflects how Brambles is organised and managed.

Brambles has seven reportable segments, being Pallets - Americas, Pallets - EMEA, Pallets - Asia-Pacific (each pallet pooling businesses), Reusable Plastic Crates (RPCs) (crate pooling business), Containers (container pooling businesses), Recall (information management business) and Brambles HQ (corporate centre). Discontinued operations comprise businesses which were divested in prior years.

Segment performance is measured on sales, Underlying Profit, cash flow from operations and Brambles Value Added (BVA). Underlying Profit is the main measure of segment profit. A reconciliation between Underlying Profit and operating profit is set out below.

Segment sales revenue is measured on the same basis as in the income statement. Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the period was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, borrowings and tax balances are managed centrally and are not allocated to segments.

	Sales revenue		Cash flow from operations ¹		Brambles Value Added ²	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
By operating segment						
Pallets - Americas	2,205.8	2,041.3	318.3	272.3	170.7	126.4
Pallets - EMEA	1,346.8	1,326.8	262.5	215.4	132.2	114.6
Pallets - Asia-Pacific	391.8	375.8	63.5	25.9	28.8	27.6
Pallets	3,944.4	3,743.9	644.3	513.6	331.7	268.6
RPCs	812.8	759.5	50.7	(40.8)	(36.1)	(38.3)
Containers	325.7	276.6	37.3	29.2	(12.3)	4.3
Recall	807.0	845.0	161.7	131.6	13.3	41.1
Brambles HQ	-	-	(35.0)	(42.4)	(26.7)	(27.1)
Total Continuing	5,889.9	5,625.0	859.0	591.2	269.9	248.6
By geographic origin						
Americas	2,817.5	2,632.4				
Europe	2,083.5	2,041.4				
Australia	635.7	614.4				
Other	353.2	336.8				
Total	5,889.9	5,625.0				

	Operating profit ³		Significant Items before tax ⁴		Underlying Profit ⁴	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
By operating segment						
Pallets - Americas	414.6	346.4	(4.5)	(17.2)	419.1	363.6
Pallets - EMEA	268.2	269.3	(14.2)	(5.5)	282.4	274.8
Pallets - Asia-Pacific	77.2	75.7	(1.6)	(0.9)	78.8	76.6
Pallets	760.0	691.4	(20.3)	(23.6)	780.3	715.0
RPCs	138.4	109.3	(0.3)	(16.2)	138.7	125.5
Containers	28.0	32.8	(0.4)	-	28.4	32.8
Recall	128.2	160.1	(16.0)	(14.1)	144.2	174.2
Brambles HQ	(43.4)	(54.4)	(9.0)	(16.6)	(34.4)	(37.8)
Continuing operations	1,011.2	939.2	(46.0)	(70.5)	1,057.2	1,009.7
Discontinued operations	1.4	0.4	1.4	0.4		
Total	1,012.6	939.6	(44.6)	(70.1)		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 4. SEGMENT INFORMATION - CONTINUED

	Capital expenditure ⁵		Depreciation and amortisation	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
By operating segment				
Pallets - Americas	340.8	297.9	193.8	186.7
Pallets - EMEA	236.1	237.7	129.6	137.3
Pallets - Asia-Pacific	73.1	85.9	47.5	45.4
Pallets	650.0	621.5	370.9	369.4
RPCs	198.2	230.0	85.5	86.1
Containers	33.3	49.1	38.0	33.0
Recall	81.3	70.9	61.3	62.9
Brambles HQ	1.6	3.4	1.3	0.8
Total	964.4	974.9	557.0	552.2

	Segment assets		Segment liabilities	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
By operating segment				
Pallets - Americas	2,278.3	2,110.1	311.4	275.1
Pallets - EMEA	1,436.6	1,441.4	330.0	337.6
Pallets - Asia-Pacific	412.5	449.7	21.5	50.4
Pallets	4,127.4	4,001.2	662.9	663.1
RPCs	1,940.7	1,755.8	461.4	411.9
Containers	501.9	303.5	96.8	71.8
Recall	1,144.1	1,174.1	203.6	185.6
Brambles HQ	30.5	61.4	50.4	56.6
Total segment assets and liabilities	7,744.6	7,296.0	1,475.1	1,389.0
Cash and borrowings	128.9	174.2	2,843.3	2,864.1
Current tax balances	10.1	20.8	62.9	46.5
Deferred tax balances	48.2	37.6	545.2	505.7
Equity-accounted investments	20.1	17.1	-	-
Total assets and liabilities	7,951.9	7,545.7	4,926.5	4,805.3

Non-current assets by geographic origin⁶

Americas	3,020.8	2,896.6
Europe	2,483.7	2,231.6
Australia	551.8	533.5
Other	456.7	475.1
Total	6,513.0	6,136.8

¹ Cash Flow from Operations is cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

² BVA is a non-statutory profit measure and represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed 30 June 2012 exchange rates as:

- Underlying Profit; plus
- Significant Items that are part of the ordinary activities of the business; less
- Average Capital Invested, adjusted for accumulated pre-tax Significant Items that are part of the ordinary activities of the business, multiplied by 12%.

³ Operating profit is segment revenue less segment expense and excludes net finance costs.

⁴ Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items (refer Note 6). It is presented to assist users of the financial statements to better understand Brambles' business results.

⁵ Capital expenditure is based on an accruals basis and includes expenditure on property, plant & equipment and intangibles.

⁶ Non-current assets exclude financial instruments and deferred tax assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 5. PROFIT FROM ORDINARY ACTIVITIES - CONTINUING OPERATIONS

	2013 US\$m	2012 US\$m
A) REVENUE AND OTHER INCOME - CONTINUING OPERATIONS		
Sales revenue	5,889.9	5,625.0
Net gains on disposals of property, plant and equipment	16.5	14.3
Other operating income	128.6	128.3
Other income	145.1	142.6
Total income	6,035.0	5,767.6
B) OPERATING EXPENSES - CONTINUING OPERATIONS		
Employment costs (Note 7)	1,096.9	1,055.6
Service suppliers:		
- transport	1,047.9	993.0
- repairs and maintenance	334.7	333.9
- subcontractors and other service suppliers	941.0	914.2
Raw materials and consumables	447.4	404.6
Occupancy	339.6	335.4
Depreciation of property, plant and equipment	492.9	480.8
Impairment of software and property, plant and equipment	16.8	15.2
Irrecoverable pooling equipment provision expense	101.5	100.1
Amortisation of intangible assets and deferred expenditure		
- software	23.3	30.9
- acquired intangible assets (other than software)	31.8	30.9
- deferred expenditure	9.0	9.6
Other	147.4	129.7
	5,030.2	4,833.9
C) NET FOREIGN EXCHANGE GAINS AND LOSSES - CONTINUING OPERATIONS		
Net gains included in operating profit ¹	0.3	19.3
Net gains included in net finance costs	5.9	5.6
	6.2	24.9

¹ Includes a US\$12.5 million foreign exchange gain on capital repatriation by overseas subsidiaries during 2012. Refer Note 6 for further details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 6. SIGNIFICANT ITEMS - CONTINUING OPERATIONS

Significant Items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Significant Items are disclosed to assist users of the financial statements to better understand Brambles' business results.

	2013 US\$m		
	Before tax	Tax	After tax
Items outside the ordinary course of business:			
- acquisition-related costs ^a	(4.6)	-	(4.6)
- restructuring and integration costs ^b	(22.0)	8.9	(13.1)
- impairment of software development costs ^c	(15.3)	1.5	(13.8)
- Recall transaction costs ^d	(4.1)	(1.7)	(5.8)
Significant Items from continuing operations	(46.0)	8.7	(37.3)

	2012 US\$m		
	Before tax	Tax	After tax
Items outside the ordinary course of business:			
- acquisition-related costs ^a	(2.8)	0.4	(2.4)
- restructuring and integration costs ^b	(53.2)	16.1	(37.1)
- Recall transaction costs ^d	(21.2)	2.8	(18.4)
- pension costs ^e	(5.8)	1.6	(4.2)
- foreign exchange gain on capital repatriation ^f	12.5	-	12.5
Significant Items from continuing operations	(70.5)	20.9	(49.6)

^a Professional fees and other transaction costs were incurred in relation to the Pallean acquisition in 2013 and Driessen Services, Paramount Pallet and IFCO acquisitions in 2012.

^b Redundancy, plant closure, integration and other restructuring costs of US\$22.0 million were incurred in various countries during the year, net of reversal of prior year costs not incurred (2012: US\$53.2 million).

^c Following a change in Recall's IT strategy, software development costs were written down to their recoverable values resulting in an impairment charge of US\$15.3 million.

^d Professional fees of US\$4.1 million were incurred during the year in relation to the Recall demerger process (refer Note 37). Costs of US\$21.2 million, primarily professional fees, were incurred in 2012 in relation to the terminated Recall divestment process.

^e During 2012, CHEP South Africa changed its retirement plan from defined benefit to defined contribution. As required by AASB 119: Employee benefits, the actuarially-assessed value of a related enhancement in retirement benefits was treated as a past service cost and recognised in the income statement.

^f During 2012, capital returns were made by overseas subsidiaries. As required by AASB 121: The Effects of Changes in Foreign Exchange Rates, a portion of the accumulated foreign currency translation reserve held in relation to the overseas subsidiaries were recognised in the income statement, resulting in a US\$12.5 million foreign exchange gain.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 7. EMPLOYMENT COSTS - CONTINUING OPERATIONS

	2013 US\$m	2012 US\$m
Wages and salaries	907.6	873.0
Social security costs	106.6	97.2
Share-based payment expense	24.7	20.5
Pension costs:		
- defined contribution plans	25.4	23.6
- defined benefit plans	(1.3)	8.2
Other post-employment benefits	33.9	33.1
	1,096.9	1,055.6

	2013	2012
The average monthly number of employees in continuing operations was:		
Pallets	11,365	10,629
RPCs	996	914
Containers	695	420
Recall	4,871	4,952
Brambles HQ	110	106
	18,037	17,021

NOTE 8. NET FINANCE COSTS

	2013 US\$m	2012 US\$m
Finance revenue		
Bank accounts and short term deposits	1.7	2.8
Derivative financial instruments	16.2	15.6
Other	2.4	3.1
	20.3	21.5
Finance costs		
Interest expense on bank loans and borrowings	(125.6)	(156.3)
Derivative financial instruments	(1.3)	(5.7)
Other	(4.3)	(11.5)
	(131.2)	(173.5)
Net finance costs	(110.9)	(152.0)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 9. INCOME TAX

	2013 US\$m	2012 US\$m
A) COMPONENTS OF TAX EXPENSE		
Amounts recognised in the income statement		
Current income tax - continuing operations:		
- income tax charge	222.4	203.0
- prior year adjustments	(4.2)	(36.7)
	218.2	166.3
Deferred tax - continuing operations:		
- origination and reversal of temporary differences	58.2	40.3
- previously unrecognised tax losses	(14.2)	(16.9)
- prior year adjustments	(1.8)	22.6
	42.2	46.0
Tax expense - continuing operations	260.4	212.3
Tax expense/(benefit) - discontinued operations (Note 12)	0.7	(1.0)
Tax expense recognised in the income statement	261.1	211.3
Amounts recognised in the statement of comprehensive income		
- on actuarial losses on defined benefit pension plans	(2.4)	(5.4)
- on losses on revaluation of cash flow hedges	0.7	1.7
Tax expense/(benefit) recognised directly in the statement of comprehensive income	(1.7)	(3.7)
B) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT BEFORE TAX		
Profit before tax - continuing operations	900.3	787.2
Tax at standard Australian rate of 30% (2012: 30%)	270.1	236.2
Effect of tax rates in other jurisdictions	(25.3)	(37.5)
Prior year adjustments	(6.0)	(16.4)
Current year tax losses not recognised	11.4	12.9
Foreign withholding tax unrecoverable	9.5	4.0
Non-deductible expenses	12.9	22.8
Prior year tax losses recouped/recognised	(14.2)	(16.9)
Other	2.0	7.2
Tax expense - continuing operations	260.4	212.3
Tax expense/(benefit) - discontinued operations (Note 12)	0.7	(1.0)
Total income tax expense	261.1	211.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 9. INCOME TAX - CONTINUED

	2013 US\$m	2012 US\$m
C) COMPONENTS OF AND CHANGES IN DEFERRED TAX ASSETS		
Deferred tax assets shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Employee benefits	30.8	17.0
Provisions	46.4	36.4
Losses available against future taxable income	275.2	289.5
Other	44.9	56.5
	397.3	399.4
Items recognised directly in equity		
Actuarial losses on defined benefit pension plans	14.9	18.7
Cash flow hedges	0.2	3.9
Share-based payments	13.6	3.6
	28.7	26.2
Set-off against deferred tax liabilities	(377.8)	(388.0)
Net deferred tax assets	48.2	37.6
Changes in deferred tax assets were as follows:		
At 1 July	37.6	36.3
(Charged)/credited to the income statement	29.1	65.4
(Charged)/credited directly to equity	(8.8)	6.4
Offset against deferred tax liabilities	(10.2)	(63.2)
Acquisition of subsidiary	0.3	-
Currency variations	0.2	(7.3)
At 30 June	48.2	37.6

Deferred tax assets are recognised for carried forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. At reporting date, Brambles has unused tax losses of US\$1,301.5 million (2012: US\$1,298.5 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US\$852.0 million (2012: US\$877.0 million) of such losses.

The benefit for tax losses will only be obtained if:

- Brambles derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- Brambles continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect Brambles in realising the benefit from the deductions for the losses.

No deferred tax asset has been recognised in respect of the remaining unused tax losses of US\$449.5 million (2012: US\$421.5 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US\$563.4 million, which have been recognised in the balance sheet, will expire between 2014 and 2032. All other losses may be carried forward indefinitely.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 9. INCOME TAX - CONTINUED

	2013 US\$m	2012 US\$m
D) COMPONENTS AND CHANGES IN DEFERRED TAX LIABILITIES		
Deferred tax liabilities shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Accelerated depreciation for tax purposes	786.4	751.9
Other	132.2	140.5
	918.6	892.4
Items recognised in the statement of comprehensive income		
Actuarial gains on defined benefit pension plans	0.6	1.3
Cash flow hedges	3.8	-
	4.4	1.3
Set-off against deferred tax assets	(377.8)	(388.0)
Net deferred tax liabilities	545.2	505.7
Changes in deferred tax liabilities were as follows:		
At 1 July	505.7	529.1
Charged to the income statement	71.3	111.4
(Credited)/charged directly to equity	(16.6)	1.5
Acquisition of subsidiary	3.3	(31.8)
Offset against deferred tax asset	(10.2)	(63.2)
Currency variations	(8.3)	(41.3)
At 30 June	545.2	505.7

At reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised in the consolidated financial statements was US\$966.2 million (2012: US\$508.2 million). No liability has been recognised for these temporary differences because Brambles controls whether there is a liability in relation to distributions from its subsidiaries and is satisfied that there is no liability in the foreseeable future.

E) TAX CONSOLIDATION

Brambles Limited and its Australian subsidiaries formed a tax consolidated group in 2006. Brambles Limited, as the head entity of the tax consolidated group, and its Australian subsidiaries have entered into a tax sharing agreement in order to allocate income tax expense. The tax sharing agreement uses a stand-alone basis of allocation. Consequently, Brambles Limited and its Australian subsidiaries account for their own current and deferred tax amounts as if they each continue to be taxable entities in their own right. In addition, the agreement provides funding rules setting out the basis upon which subsidiaries are to indemnify Brambles Limited in respect of tax liabilities and the methodology by which subsidiaries in tax loss are to be compensated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 10. EARNINGS PER SHARE

	2013 US cents	2012 US cents
Earnings per share		
- basic	41.2	38.9
- diluted	40.9	38.6
From continuing operations		
- basic	41.1	38.8
- diluted	40.9	38.5
- basic, on Underlying Profit after finance costs and tax	43.5	42.1
From discontinued operations		
- basic	0.1	0.1
- diluted	-	0.1

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details are set out in Note 28.

	2013 million	2012 million
A) WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR		
Used in the calculation of basic earnings per share	1,555.7	1,482.3
Adjustment for share rights	10.2	9.0
Used in the calculation of diluted earnings per share	1,565.9	1,491.3

	2013 US\$m	2012 US\$m
B) RECONCILIATIONS OF PROFITS USED IN EPS CALCULATIONS		
Statutory profit		
Profit from continuing operations	639.9	574.9
Profit from discontinued operations	0.7	1.4
Profit used in calculating basic and diluted EPS	640.6	576.3
Underlying Profit after finance costs and tax		
Underlying Profit (Note 4)	1,057.2	1,009.7
Net finance costs (Note 8)	(110.9)	(152.0)
Underlying Profit before tax	946.3	857.7
Tax expense on Underlying Profit	(269.1)	(233.2)
Underlying Profit after finance costs and tax	677.2	624.5
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	677.2	624.5
Significant Items after tax (Note 6)	(37.3)	(49.6)
Profit from continuing operations	639.9	574.9

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 11. DIVIDENDS

A) DIVIDENDS PAID DURING THE YEAR

	Interim 2013	Final 2012
Dividend per share (in Australian cents)	13.5	13.0
Franked amount at 30% tax (in Australian cents)	4.1	3.9
Cost (in US\$ million)	215.2	210.3
Payment date	11 April 2013	11 October 2012

B) DIVIDEND DECLARED AFTER REPORTING DATE

	Final 2013
Dividend per share (in Australian cents)	13.5
Franked amount at 30% tax (in Australian cents)	4.1
Cost (in US\$ million)	193.8
Payment date	10 October 2013
Dividend record date	13 September 2013

As this dividend had not been declared at the reporting date, it is not reflected in these financial statements.

C) FRANKING CREDITS

	2013 US\$m	2012 US\$m
Franking credits available for subsequent financial years based on a tax rate of 30%	71.8	87.5

The amounts above represent the balance of the franking account as at the end of the year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The final 2013 dividend has been franked at 30%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 12. DISCONTINUED OPERATIONS

Discontinued operations primarily comprise net adjustments to divestment provisions. Financial information relating to discontinued operations is summarised below:

	2013 US\$m	2012 US\$m
Profit before tax	1.4	0.4
Tax (expense)/benefit	(0.7)	1.0
Profit for the year from discontinued operations	0.7	1.4
Net cash outflow from operating activities	(1.0)	(1.0)

NOTE 13. BUSINESS COMBINATIONS

ACQUISITIONS

A) Pallecon

On 28 December 2012, Brambles obtained control of Pallecon, a leading provider of IBCs (Intermediate Bulk Containers) in Europe and Asia-Pacific, for consideration of €136 million.

The fair value of the Pallecon assets acquired, liabilities assumed and goodwill were as follows, based on preliminary acquisition accounting data which will be finalised by December 2013:

	2013 US\$m
Purchase consideration	179.2
Less: fair value of net identifiable assets acquired	(51.7)
Goodwill (at acquisition date)	127.5

The goodwill acquired is attributable to the profitability of the acquired business and anticipated synergies with Brambles' existing Containers operations, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised.

On acquisition of Pallecon, assets acquired and liabilities assumed were:

	Fair value US\$m
Cash	1.6
Receivables	11.2
Inventories	4.6
Property, plant and equipment	34.0
Intangibles	18.7
Other assets	0.5
	70.6
Trade and other payables	10.0
Borrowings	2.0
Deferred taxes	3.1
Other liabilities	3.8
	18.9
Net assets	51.7

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 13. BUSINESS COMBINATIONS - CONTINUED

	2013 US\$m
Cash outflow on acquisition of Pallectron was as follows:	
Purchase consideration	179.2
Less: cash acquired	(1.6)
Net cash outflow	177.6

B) Other

In addition to the Pallectron acquisition, there were other minor acquisitions in 2013 with immaterial impact.

NOTE 14. CASH AND CASH EQUIVALENTS

	2013 US\$m	2012 US\$m
Cash at bank and in hand	98.8	143.4
Short term deposits	30.1	30.8
	128.9	174.2

Cash and cash equivalents include balances of US\$3.2 million (2012: US\$5.7 million) used as security for various contingent liabilities and is not readily accessible. Short term deposits have initial maturities varying between 7 days and 3 months.

Refer to Note 30 for other financial instruments disclosures.

NOTE 15. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	899.7	826.9
Provision for doubtful receivables (A)	(27.9)	(21.3)
Net trade receivables	871.8	805.6
Other debtors	125.2	146.4
Accrued and unbilled revenue	127.2	102.8
	1,124.2	1,054.8

Non-current

Other receivables	9.2	8.5
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A) PROVISION FOR DOUBTFUL RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. A provision of US\$10.1 million (2012: US\$7.7 million) has been recognised as an expense in the current year for specific trade and other receivables for which such evidence exists.

Movements in the provision for doubtful receivables were as follows:

At 1 July	21.3	18.4
Charge for the year	10.1	7.7
Amounts written off	(4.1)	(3.9)
Acquisition of subsidiaries	0.6	1.0
Foreign exchange differences	-	(1.9)
At 30 June	27.9	21.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 15. TRADE AND OTHER RECEIVABLES - CONTINUED

	2013 US\$m	2012 US\$m
At 30 June, the ageing analysis of trade receivables by reference to due dates was as follows:		
Not past due	618.0	595.4
Past due 0-30 days but not impaired	170.4	131.7
Past due 31-60 days but not impaired	45.8	37.4
Past due 61-90 days but not impaired	11.3	10.2
Past 90 days but not impaired	26.3	30.9
Impaired	27.9	21.3
	899.7	826.9

At 30 June 2013, trade receivables of US\$253.8 million (2012: US\$210.2 million) were past due but not doubtful. These trade receivables comprise customers who have a good debt history and are considered recoverable.

At 30 June 2013, trade receivables of US\$27.9 million (2012: US\$21.3 million) were considered to be impaired. A provision of US\$27.9 million (2012: US\$21.3 million) has been recognised for doubtful receivables.

Other debtors primarily comprise GST/VAT recoverable, loss compensation receivables and certain balances arising from outside Brambles' ordinary business activities, such as deferred proceeds on sale of property, plant and equipment.

At 30 June 2013, other debtors of US\$96.7 million (2012: US\$77.6 million) were past due but not considered to be impaired. No specific collection issues have been identified with these receivables. An ageing of these receivables was as follows:

Past due 0-30 days but not impaired	29.7	11.8
Past due 31-60 days but not impaired	1.6	4.4
Past due 61-90 days but not impaired	1.8	3.0
Past 90 days but not impaired	63.6	58.4
	96.7	77.6

At 30 June 2013, there were no balances within other debtors that were considered to be impaired (2012: nil). No provision has been recognised (2012: nil).

Refer to Note 30 for other financial instruments disclosures.

NOTE 16. INVENTORIES

	2013 US\$m	2012 US\$m
Raw materials and consumables	38.0	34.8
Work in progress	0.2	0.3
Finished goods	18.0	13.1
	56.2	48.2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

	2013	2012	2013	2012
	US\$m	US\$m	US\$m	US\$m
	Current assets		Current liabilities	
Interest rate swaps - cash flow hedges	-	-	0.5	3.0
Interest rate swaps - fair value hedges	9.7	8.3	-	-
Forward foreign exchange contracts - cash flow hedges	0.3	0.1	-	0.1
Forward foreign exchange contracts - held for trading	0.4	0.1	9.0	1.9
Embedded derivatives	0.5	0.4	-	-
	10.9	8.9	9.5	5.0
	Non-current assets		Non-current liabilities	
Interest rate swaps - cash flow hedges	-	-	-	0.8
Interest rate swaps - fair value hedges	9.8	19.0	-	-
Embedded derivatives	-	-	-	-
	9.8	19.0	-	0.8

Refer to Note 30 for other financial instruments disclosures.

NOTE 18. OTHER ASSETS

	2013	2012
	US\$m	US\$m
Current		
Prepayments	50.6	45.4
Current tax receivable	10.1	20.8
	60.7	66.2
Non-current		
Prepayments	2.6	3.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 19. INVESTMENTS

A) JOINT VENTURES

Brambles has investments in the following unlisted jointly controlled entities, which are accounted for using the equity method.

Name (and nature of business)	Place of incorporation	% interest held at reporting date	
		June 2013	June 2012
CISCO - Total Information Management Pte. Limited (Information management)	Singapore	49%	49%
Recall Becker GmbH & Co. KG (Document management services)	Germany	50%	50%
IFCO Japan Inc (RPC pooling business)	Japan	33%	33%
		2013 US\$m	2012 US\$m

B) MOVEMENT IN CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURES

At 1 July	17.1	16.8
Share of results after income tax (Note 19C)	6.4	5.5
Dividends received/receivable	(3.5)	(4.2)
Foreign exchange differences	0.1	(1.0)
At 30 June	20.1	17.1

	2013 US\$m	2012 US\$m
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C) SHARE OF RESULTS OF JOINT VENTURES

Trading revenue	29.3	15.7
Expenses	(21.0)	(9.0)
Profit from ordinary activities before tax	8.3	6.7
Tax expense on ordinary activities	(1.9)	(1.2)
Profit for the year	6.4	5.5

D) SHARE OF ASSETS AND LIABILITIES OF JOINT VENTURES

Current assets	8.2	7.8
Non-current assets	26.8	24.7
Total assets	35.0	32.5
Current liabilities	9.1	9.5
Non-current liabilities	5.8	5.9
Total liabilities	14.9	15.4
Net assets	20.1	17.1

E) SHARE OF COMMITMENTS AND CONTINGENT LIABILITIES OF JOINT VENTURES

Contingent liabilities	0.6	0.6
Capital commitments	0.2	1.6
Lease commitments	4.0	3.5
Total	4.8	5.7

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 20. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US\$m	Plant and equipment US\$m	Total US\$m
At 1 July 2011			
Cost	182.5	6,986.2	7,168.7
Accumulated depreciation	(75.7)	(2,814.0)	(2,889.7)
Net carrying amount	106.8	4,172.2	4,279.0
Year ended 30 June 2012			
Opening net carrying amount	106.8	4,172.2	4,279.0
Additions	21.6	899.5	921.1
Acquisition of subsidiaries	3.5	5.0	8.5
Fair value adjustment of prior year acquisition	-	(51.1)	(51.1)
Disposals	(2.8)	(70.0)	(72.8)
Disposal of subsidiaries	-	(0.2)	(0.2)
Other transfers	11.2	(9.8)	1.4
Depreciation charge	(9.0)	(471.8)	(480.8)
Impairment of pooling equipment	-	(15.2)	(15.2)
Irrecoverable pooling equipment provision expense	-	(100.1)	(100.1)
Foreign exchange differences	(14.6)	(336.6)	(351.2)
Closing net carrying amount	116.7	4,021.9	4,138.6
At 30 June 2012			
Cost	200.7	6,643.4	6,844.1
Accumulated depreciation	(84.0)	(2,621.5)	(2,705.5)
Net carrying amount	116.7	4,021.9	4,138.6
Year ended 30 June 2013			
Opening net carrying amount	116.7	4,021.9	4,138.6
Additions	12.9	914.8	927.7
Acquisition of subsidiaries	1.6	32.1	33.7
Disposals	(1.6)	(88.6)	(90.2)
Depreciation charge	(8.8)	(484.1)	(492.9)
Impairment of pooling equipment	-	(1.5)	(1.5)
Irrecoverable pooling equipment provision expense	-	(101.5)	(101.5)
Foreign exchange differences	1.5	(7.5)	(6.0)
Closing net carrying amount	122.3	4,285.6	4,407.9
At 30 June 2013			
Cost	212.4	7,157.3	7,369.7
Accumulated depreciation	(90.1)	(2,871.7)	(2,961.8)
Net carrying amount	122.3	4,285.6	4,407.9

The net carrying amounts above include plant and equipment held under finance lease US\$22.7 million (2012: US\$38.5 million); leasehold improvements US\$22.6 million (2012: US\$25.7 million); and capital work in progress US\$45.7 million (2012: US\$54.0 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 21. GOODWILL

	2013 US\$m	2012 US\$m
A) NET CARRYING AMOUNTS AND MOVEMENTS DURING THE YEAR		
At 1 July		
Carrying amount	1,607.4	1,694.3
Year ended 30 June		
Opening net carrying amount	1,607.4	1,694.3
Acquisition of subsidiaries	122.8	19.4
Foreign exchange differences	6.5	(106.3)
Closing net carrying amount	1,736.7	1,607.4
At 30 June		
Gross carrying amount	1,736.7	1,607.4
Accumulated impairment	-	-
Net carrying amount	1,736.7	1,607.4

B) SEGMENT-LEVEL SUMMARY OF NET CARRYING AMOUNT

Goodwill acquired through business combinations is allocated to cash generating units (CGU), which are the smallest identifiable groupings of Brambles' cash generating assets. A segment-level summary of the goodwill allocation is presented as follows:

Pallets - Americas	317.0	318.0
Pallets - EMEA	37.1	37.3
Pallets - Asia-Pacific	28.6	29.8
Pallets	382.7	385.1
RPCs	678.5	658.7
Containers	169.8	47.7
Recall	505.7	515.9
Total goodwill	1,736.7	1,607.4

C) RECOVERABLE AMOUNT TESTING - CONTINUING OPERATIONS

The recoverable amount of goodwill is determined based on value in use calculations undertaken at the CGU level. The value in use is calculated using a discounted cash flow methodology covering a 10 year period with an appropriate terminal value at the end of that period. Based on the impairment testing, the carrying amounts of goodwill in the CGUs related to continuing operations at reporting date were fully supported. The key assumptions on which management has based its cash flow projections were:

Cash flow forecasts

Cash flow forecasts are based on the most recent financial projections covering a maximum period of five years. Cash flows beyond that period are extrapolated using estimated growth rates. Financial projections are based on assumptions that represent management's best estimates.

Growth rates

Average growth rates beyond the period covered in the financial projections were: Pallets - Americas 5.0%; RPCs 2.6%; Containers 4.8% and Recall 2.5% (2012: Pallets - Americas 2.7%; RPCs 2.5% and Recall 2.5%). They are based on management's expectations for future performance.

Terminal value

The terminal value calculated after year 10 is determined using the stable growth model, having regard to the weighted average cost of capital and terminal growth factor appropriate to each CGU.

Discount rates

Discount rates used are the pre-tax weighted average cost of capital (WACC) and include a premium for market risks appropriate to each country in which the CGU operates. WACCs ranged between 8.4% and 19.9% (average rates: Pallets - Americas 11.2%; RPCs 10.1%; Containers 9.7% and Recall 11.4%). WACCs for 2012 ranged between 9.7% and 21.2% (average rates: Pallets - Americas 11.5%; RPCs 10.0% and Recall 11.8%).

Sensitivity

Any reasonable change to the above key assumptions would not cause the carrying value of the CGU to materially exceed its recoverable amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 22. INTANGIBLE ASSETS

	Software US\$m	Other ¹ US\$m	Total US\$m
At 1 July 2011			
Gross carrying amount	371.5	434.0	805.5
Accumulated amortisation	(285.2)	(116.6)	(401.8)
Net carrying amount	86.3	317.4	403.7
Year ended 30 June 2012			
Opening carrying amount	86.3	317.4	403.7
Additions	34.8	19.0	53.8
Acquisition of subsidiaries	-	5.6	5.6
Disposals	(0.3)	(0.7)	(1.0)
Disposal of subsidiaries	-	(0.3)	(0.3)
Amortisation charge	(30.9)	(40.5)	(71.4)
Foreign exchange differences	(1.7)	(26.5)	(28.2)
Closing carrying amount	88.2	274.0	362.2
At 30 June 2012			
Gross carrying amount	402.0	418.5	820.5
Accumulated amortisation	(313.8)	(144.5)	(458.3)
Net carrying amount	88.2	274.0	362.2
Year ended 30 June 2013			
Opening carrying amount	88.2	274.0	362.2
Additions	24.5	12.2	36.7
Acquisition of subsidiaries	0.3	16.6	16.9
Disposals	(2.1)	(0.5)	(2.6)
Amortisation charge	(23.3)	(40.8)	(64.1)
Impairment charge	(15.3)	-	(15.3)
Foreign exchange differences	0.8	1.9	2.7
Closing carrying amount	73.1	263.4	336.5
At 30 June 2013			
Gross carrying amount	419.0	439.2	858.2
Accumulated amortisation	(345.9)	(175.8)	(521.7)
Net carrying amount	73.1	263.4	336.5

¹ Other intangible assets primarily comprise acquired customer relationships, customer lists and agreements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 23. TRADE AND OTHER PAYABLES

	2013 US\$m	2012 US\$m
Current		
Trade payables	469.0	458.5
GST/VAT, refundable deposits and other payables	417.2	365.6
Accruals and deferred income	367.3	352.7
	1,253.5	1,176.8
Non-current		
Other liabilities	24.3	27.1

Trade payables and other current payables are non-interest bearing and are generally settled on 30-90 day terms. Refer to Note 30 for other financial instruments disclosures.

NOTE 24. BORROWINGS

Current

Unsecured:

- bank overdraft	53.9	21.5
- bank loans ¹	31.9	21.7
- loan notes ³	33.3	-
- accrued interest on loan notes ^{2,3,4,6}	22.4	22.1
- finance lease liabilities (Note 32)	11.7	16.5
- other loans	3.7	4.6
	156.9	86.4

Non-current

Unsecured:

- bank loans ¹	934.4	1,000.6
- loan notes ^{2,3,4,5,6}	1,740.6	1,753.3
- finance lease liabilities (Note 32)	11.0	22.0
- other loans	0.4	1.8
	2,686.4	2,777.7
Total borrowings	2,843.3	2,864.1

¹ Unsecured bank loans include the following: (i) revolving loans in various currencies priced off LIBOR and drawn under multi-currency global banking facilities with a range of maturities out to November 2017; and (ii) various regional banking facilities providing local currency funding to certain subsidiaries. Included in bank loans are borrowings of US\$456.2 million (2012: US\$436.0 million) which have been designated as a hedge of the net investment in Brambles' European subsidiaries and are being used to partially hedge Brambles' exposure to foreign exchange risks on these investments.

² Notes issued in August 2004 in respect of US\$425.0 million US private placement of which US\$171.0 million was redeemed in August 2011. The terms of the outstanding notes are (i) Series B US\$157.5 million 5.77% Guaranteed Senior Unsecured Notes due 4 August 2014 and (ii) Series C US\$96.5 million 5.94% Guaranteed Senior Unsecured Notes due 4 August 2016.

³ Notes issued in May 2009 in respect of US\$110.0 million US private placement. The terms of the note are (i) Series A US\$35.0 million 7.29% Guaranteed Senior Unsecured Notes due 7 May 2014; (ii) Series B US\$55.0 million 7.83% Guaranteed Senior Unsecured Notes due 7 May 2016; and (iii) Series C US\$20.0 million 8.23% Guaranteed Senior Unsecured Notes due 7 May 2019.

⁴ Notes issued in March 2010 to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act. The terms of the notes are (i) US\$250.0 million 3.95% Guaranteed Senior Notes due 1 April 2015; and (ii) US\$500.0 million 5.35% Guaranteed Senior Notes due 1 April 2020.

⁵ US\$450.0 million of loan notes have been hedged with interest rate swaps for fair value risk. In accordance with AASB 139, the carrying value of the notes have been adjusted to increase debt by US\$17.1 million (2012: US\$25.1 million) in relation to changes in fair value attributable to the hedged risk.

⁶ Notes issued in April 2011 in the European bond market in respect of €500.0 million of 4.625% Guaranteed Senior Notes due 20 April 2018.

Refer to Note 30 for other financial instruments disclosures

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 24. BORROWINGS - CONTINUED

	2013 US\$m	2012 US\$m
A) BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS		
Total facilities:		
- committed borrowing facilities	2,193.3	2,272.8
- loan notes	1,764.8	1,736.0
- credit standby/uncommitted/overdraft arrangements	280.0	240.9
	4,238.1	4,249.7
Facilities used at reporting date: ¹		
- committed borrowing facilities	969.1	1,049.7
- loan notes	1,764.8	1,736.0
- credit standby/uncommitted/overdraft arrangements	78.0	39.5
	2,811.9	2,825.2
Facilities available at reporting date:		
- committed borrowing facilities	1,224.2	1,223.1
- credit standby/uncommitted/overdraft arrangements	202.0	201.4
	1,426.2	1,424.5

Funding is generally sourced from relationship banks and debt capital market investors on a medium to long term basis. The expiry dates of committed borrowing facilities range out to November 2017 with loan notes having maturities out to April 2020. The average term to maturity of the committed borrowing facilities and the loan notes is equivalent to 3.6 years (2012: 3.7 years). These facilities are unsecured and are guaranteed as described in Note 38B.

B) BORROWING FACILITIES MATURITY PROFILE

Maturity	Type	US\$m		
		Total facilities	Facilities used ¹	Facilities available
2013				
Less than 1 year	Bank loans/loan notes/overdrafts/finance leases/other loans	333.7	133.8	199.9
1 - 2 years	Bank loans/loan notes/finance leases/other loans	868.0	490.3	377.7
2 - 3 years	Bank loans/loan notes/finance leases	950.4	479.1	471.3
3 - 4 years	Bank loans/loan notes/finance leases	585.1	449.5	135.6
4 - 5 years	Bank loans/loan notes	980.9	739.2	241.7
Over 5 years	Loan notes	520.0	520.0	-
		4,238.1	2,811.9	1,426.2
2012				
Less than 1 year	Bank loans/overdrafts/finance leases/other loans	277.2	63.2	214.0
1 - 2 years	Bank loans/loan notes/finance leases/other loans	1,042.2	379.5	662.7
2 - 3 years	Bank loans/loan notes/finance leases	890.8	577.5	313.3
3 - 4 years	Bank loans/loan notes/finance leases	524.4	383.8	140.6
4 - 5 years	Bank loans/loan notes/finance leases	373.1	279.2	93.9
Over 5 years	Loan notes	1,142.0	1,142.0	-
		4,249.7	2,825.2	1,424.5

¹ Facilities used represents the principal value of loan notes and borrowings drawn against the relevant facilities to reflect the correct amount of funding headroom. This amount differs by US\$31.4 million (2012: US\$38.9 million) from loan notes and borrowings as shown in the balance sheet which are measured on the basis of amortised cost as determined under the effective interest method and include accrued interest, transaction costs and fair value adjustments on certain hedging instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 25. PROVISIONS

	Employee entitlements US\$m	Business disposals US\$m	Other US\$m	Total US\$m
At 1 July 2012				
Current	66.1	0.9	23.1	90.1
Non-current	9.4	1.6	19.4	30.4
	75.5	2.5	42.5	120.5
Charge to income statement				
Additional provisions	64.5	-	17.1	81.6
Utilisation of provision	(45.1)	(0.4)	(20.9)	(66.4)
Acquisition of subsidiaries	1.0	-	2.8	3.8
Currency variations	(2.2)	-	(0.7)	(2.9)
At 30 June 2013	93.7	2.1	40.8	136.6
Current	84.5	0.9	25.4	110.8
Non-current	9.2	1.2	15.4	25.8

Employee entitlements provision comprises US\$20.4 million (2012: US\$19.8 million) for long service leave, US\$2.3 million (2012: US\$1.8 million) for phantom shares and US\$71.0 million (2012: US\$53.9 million) for bonuses and other employee-related obligations (other than those resulting from pension plans). None of these amounts related to phantom shares which had vested at reporting date. US\$11.6 million (2012: US\$10.8 million) of the long service leave provision has been recognised as current as it is expected to be settled within one year from reporting date. The remaining balance of long service leave of US\$8.8 million (2012: US\$9.0 million) is expected to settle within the next two to ten years and has been discounted to present value.

Business disposals provision is in respect of divestments completed in 2007 and prior years.

Other provisions comprise US\$22.8 million (2012: US\$36.4 million) for restructuring and integration costs, US\$12.0 million (2012: US\$6.1 million) for litigation and customer disputes and US\$6.0 million (2012: nil) for other known exposures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS

A) DEFINED CONTRIBUTION PLANS

Brambles operates a number of defined contribution retirement benefit plans for qualifying employees. The assets of these plans are held in separately administered trusts or insurance policies. In some countries, Brambles' employees are members of state-managed retirement benefit plans. Brambles is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund benefits. The only obligation of Brambles with respect to defined contribution retirement benefit plans is to make the specified contributions.

US\$25.4 million (2012: US\$23.6 million) representing contributions paid and payable to these plans by Brambles at rates specified in the rules of the plans relating to continuing operations has been recognised as an expense in the income statement.

B) DEFINED BENEFIT PLANS

Brambles operates a number of defined benefit pension plans, which are closed to new entrants. The majority of the plans are self-administered and the plans' assets are held independently of Brambles' finances. Under the plans, members are entitled to retirement benefits based upon a percentage of final salary. No other post-retirement benefits are provided. The plans are funded plans.

During 2012, four plans operating in the United Kingdom, Ireland and South Africa were closed to future accrual. One plan in the United Kingdom retained the link between benefits and salary for members still in employment, but for the others the link was broken. In South Africa, the retirement obligations changed from defined benefit to defined contribution for all members still in employment.

The plan assets and the present value of the defined benefit obligation recognised in Brambles' balance sheet are based upon the most recent formal actuarial valuations which have been updated to 30 June 2013 by independent professionally qualified actuaries and take account of the requirements of AASB 119. The present value of the defined benefit obligation and the past service cost were measured using the projected unit credit method.

In addition to the principal defined benefit plans included in disclosures below, Brambles has a number of other arrangements in several countries that are either defined benefit pension plans or have certain defined benefit characteristics. Each of these arrangements has been assessed as immaterial separately and in aggregate and they have not been subjected to an independent AASB 119 valuation.

C) BALANCE SHEET AMOUNTS

The amounts recognised in Brambles' balance sheet in respect of defined benefit plans were as follows:

	2013 US\$m	2012 US\$m
Present value of defined benefit obligations	257.3	249.5
Fair value of plan assets	(206.1)	(190.7)
Net liability recognised in the balance sheet	51.2	58.8

Brambles has no legal obligation to settle this liability with an immediate contribution or additional one-off contributions. Brambles intends to continue to make contributions to the plans at the rates recommended by the funds' actuaries. Refer Note 26(I).

D) INCOME STATEMENT AMOUNTS

The amounts recognised in Brambles' income statement in respect of defined benefit plans were as follows:

Current service cost	0.5	1.3
Interest cost	10.0	11.1
Past service cost	(2.2)	6.1
Expected return on plan assets	(9.6)	(10.1)
Changes arising from curtailments and settlements	-	(0.2)
Net (benefit)/expense included in employment cost (Note 7)	(1.3)	8.2

E) STATEMENT OF COMPREHENSIVE INCOME

Actuarial (losses)/gains reported in the consolidated statement of comprehensive income	(11.1)	(19.7)
Cumulative actuarial losses recognised	(35.2)	(24.1)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

F) DEFINED BENEFIT OBLIGATION

	2013 US\$m	2012 US\$m
Changes in the present value of the defined benefit obligation were as follows:		
At 1 July	249.5	239.6
Current service cost	0.5	1.3
Past service cost	(2.2)	6.1
Interest cost	10.0	11.1
Contributions from plan members	-	0.3
Actuarial gains and losses	17.1	14.2
Currency variations	(11.3)	(19.3)
Benefits paid	(8.2)	(6.7)
Curtailments	-	(0.2)
Acquisition of subsidiaries	0.8	-
Defined contribution movements ¹	1.1	3.1
At 30 June	257.3	249.5

¹ In 2012, a portion of the defined benefit obligation and assets in the South African pension plan was re-designated as defined contribution. The defined contribution movements comprise employer contributions paid and expensed of US\$1.5 million (2012: US\$1.2 million), investment returns of US\$2.1 million (2012: US\$1.7 million) and other movements of US\$0.3 million (2012: US\$0.2 million), offset by benefits paid of US\$2.8 million (2012: nil).

G) PLAN ASSETS

	2013 Fair value		2012 Fair value	
	US\$m	%	US\$m	%
Assets held in the plans fell within the following categories:				
Equities	97.2	47.2	70.4	36.9
Bonds/gilts	38.2	18.5	42.1	22.1
Insurance bonds	5.5	2.7	4.8	2.5
Cash	51.1	24.8	56.9	29.8
Other	14.1	6.8	16.5	8.7
	206.1	100.0	190.7	100.0

	2013 US\$m	2012 US\$m
Changes in the fair value of the plan assets were as follows:		
At 1 July	190.7	202.2
Expected return on plan assets	9.6	10.1
Actuarial gains and losses	6.0	(5.5)
Currency variations	(11.1)	(19.0)
Contributions from sponsoring employers	18.0	6.2
Contributions from plan members	-	0.3
Benefits paid	(8.2)	(6.7)
Defined contribution movements	1.1	3.1
At 30 June	206.1	190.7

The actual return on plan assets was US\$15.6 million (2012: US\$4.6 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

H) PRINCIPAL ACTUARIAL ASSUMPTIONS

Principal actuarial assumptions (expressed as weighted averages) used in determining Brambles' defined benefit obligations were:

	UK	Europe other than UK	South Africa
At 30 June 2013			
Rate of increase in salaries	2.3%	3.3%	-
Rate of increase in pensions	3.7%	2.7%	6.0%
Discount rate	4.7%	3.2%	7.4%
Retail price inflation	2.6%	2.0%	6.0%
Return on equities	8.0%	6.5%	-
Return on bonds	4.2%	3.1%	-
Return on cash	1.0%	1.3%	5.5%
At 30 June 2012			
Rate of increase in salaries	2.0%	3.3%	8.0%
Rate of increase in pensions	3.4%	2.7%	6.0%
Discount rate	4.8%	3.2%	8.0%
Retail price inflation	2.1%	2.0%	6.0%
Return on equities	8.0%	6.8%	-
Return on bonds	4.8%	3.4%	-
Return on cash	1.0%	2.0%	5.5%

The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the benefit obligation.

I) EMPLOYER CONTRIBUTIONS

Employer contributions to the main defined benefit plans as a percentage of pensionable pay ceased from 1 October 2011 when the plans closed to future accrual.

The obligation to contribute to the various defined benefit plans is covered by trust deeds and/or legislation. Funding levels and contributions for these plans are based on actuarial advice. Comprehensive actuarial valuations are made at no more than three yearly intervals. Additional annual contributions of US\$4.4 million (2012: US\$4.5 million) are being paid to remove the identified deficits over a period of 9 years.

Contributions paid to the plans during 2013 were US\$18.0 million (2012: US\$6.2 million), all of which related to continuing operations. It is estimated that the amount of contributions to be paid to the plans during 2014 will be US\$6.3 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

J) HISTORICAL SUMMARY

	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m	2009 US\$m
The history of the defined benefit plan deficit at the end of each year is as follows:					
- plan liabilities	(257.3)	(249.5)	(239.6)	(211.1)	(196.0)
- plan assets	206.1	190.7	202.2	160.7	145.2
Net liability recognised in the balance sheet	(51.2)	(58.8)	(37.4)	(50.4)	(50.8)

The history of favourable/(unfavourable) experience adjustments made in each year is as follows:

- on plan liabilities	(17.1)	(14.2)	2.2	(19.3)	23.4
- on plan assets	6.0	(5.5)	11.7	13.4	(26.3)
Net favourable/(unfavourable) adjustment	(11.1)	(19.7)	13.9	(5.9)	(2.9)

NOTE 27. CONTRIBUTED EQUITY

	Shares	US\$m
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2011	1,479,367,454	14,370.2
Issued during the year	56,692,482	337.3
Capital reduction	-	(8,223.4)
At 30 June 2012	1,536,059,936	6,484.1
At 1 July 2012	1,536,059,936	6,484.1
Issued during the year	21,307,500	134.4
At 30 June 2013	1,557,367,436	6,618.5

Ordinary shares of Brambles Limited entitle the holder to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of shares held.

The 21,307,500 shares issued during the year include 19,055,210 new shares issued on 10 July 2012 under the retail component of the fully underwritten 1 for 20 pro rata accelerated renounceable entitlement offer, raising US\$117.4 million, net of transaction costs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 28. SHARE-BASED PAYMENTS

The Remuneration Report sets out details relating to the Brambles share plans (pages 46 to 48), together with details of performance share rights and MyShare matching conditional rights issued to the Executive Director and other Key Management Personnel (pages 42 to 43). Rights granted by Brambles do not result in an entitlement to participate in share issues of any other corporation.

Set out below are summaries of rights granted under the plans.

A) GRANTS OVER BRAMBLES LIMITED SHARES ISSUED SUBSEQUENT TO UNIFICATION

Grant date	Expiry date	Balance at 1 July	Granted during the year	Exercised during the year	Forfeited/lapsed during the year	Balance at 30 June
2013						
Performance share rights						
19 Jan 2007	31 Aug 2012	48,995	-	(48,995)	-	-
29 Aug 2007	30 Aug 2013	139,021	-	(97,696)	-	41,325
28 Apr 2008	29 Apr 2014	4,750	-	-	-	4,750
27 Aug 2008	27 Aug 2014	205,259	-	(114,269)	-	90,990
25 Nov 2009	26 Nov 2015	3,145,779	-	(1,347,975)	(1,656,998)	140,806
12 Apr 2010	12 Apr 2016	22,902	-	-	-	22,902
24 Nov 2010	24 Nov 2016	4,076,785	-	-	(293,533)	3,783,252
21 Feb 2011	21 Feb 2017	32,906	-	-	-	32,906
31 Mar 2011	30 Jun 2017	732,095	-	-	-	732,095
06 Sep 2011	06 Sep 2017	4,324,665	-	(32,305)	(527,015)	3,765,345
11 Nov 2011	11 Nov 2017	37,000	-	-	-	37,000
21 Nov 2011	21 Nov 2017	30,267	-	-	-	30,267
07 Jun 2012	07 Jun 2018	14,514	-	-	-	14,514
16 Jul 2012	1 Sep 2014	-	90,000	-	-	90,000
25 Sep 2012	25 Sep 2018	-	3,081,191	-	(259,370)	2,821,821
12 Oct 2012	12 Oct 2018	-	406,113	(77,906)	-	328,207
MyShare matching conditional rights						
2011 Plan Year	31 Mar 2013	553,988	-	(516,150)	(37,838)	-
2012 Plan Year	31 Mar 2014	268,110	509,724	(17,782)	(72,023)	688,029
2013 Plan Year	31 Mar 2015	-	253,291	(895)	(3,644)	248,752
Total rights		13,637,036	4,340,319	(2,253,973)	(2,850,421)	12,872,961
2012 (summarised)						
Total rights		12,288,815	5,342,039	(1,632,837)	(2,360,981)	13,637,036

Of the above grants, 277,871 rights were exercisable at 30 June 2013.

	2013	2012
Weighted average data:		
- fair value at grant date of grants made during the year	A\$ 5.84	5.28
- share price at exercise date of grants exercised during the year	A\$ 7.58	6.78
- remaining contractual life at 30 June	years 3.9	4.0

There were 63,677 grants, 77,967 exercises and 1,137,657 forfeits in performance share rights and MyShare matching conditional rights over Brambles Limited shares between the end of the financial year and 20 August 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 28. SHARE-BASED PAYMENTS - CONTINUED

B) FAIR VALUE CALCULATIONS

The fair value of equity-settled performance share rights and MyShare matching conditional rights was determined as at grant date, using a binomial valuation methodology. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as a probability adjustment is made when computing the share-based payment expense.

The significant inputs into the valuation models for the equity-settled grants made during the year were:

	2013 Grants	2012 Grants
Weighted average share price	A\$7.02	A\$6.44
Expected volatility	25%	30%
Expected life	2-3 years	2-3 years
Annual risk-free interest rate	2.54-2.57%	3.67-3.68%
Expected dividend yield	4.00%	4.00%

The expected volatility was determined based on a four-year historic volatility of Brambles' share prices.

C) SHARE-BASED PAYMENT EXPENSE - CONTINUING OPERATIONS

Brambles recognised a total expense of US\$24.672 million (2012: US\$20.474 million) relating to share-based payments, all within continuing operations. Of this amount, US\$1.672 million related to phantom share provisions (2012: US\$1.908 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 29. RESERVES AND RETAINED EARNINGS

	2013 US\$m	2012 US\$m
Reserves	(6,748.2)	(6,689.1)
Retained earnings	3,155.1	2,945.4
	(3,593.1)	(3,743.7)

A) MOVEMENTS IN RESERVES AND RETAINED EARNINGS

	Reserves						Retained earnings US\$m
	Hedging US\$m	Share-based payment US\$m	Foreign currency translation US\$m	Unification US\$m	Other US\$m	Total US\$m	
Year ended 30 June 2012							
Opening balance	(4.8)	80.5	426.0	(15,385.8)	167.3	(14,716.8)	2,797.6
Actuarial loss on defined benefit plans	-	-	-	-	-	-	(14.3)
FCTR released to profits during the year	-	-	(12.5)	-	-	(12.5)	-
FCTR on entities disposed taken to profit	-	-	(1.7)	-	-	(1.7)	-
Foreign exchange differences	-	-	(192.5)	-	-	(192.5)	-
Cash flow hedges:							
- transfers to net profit	5.1	-	-	-	-	5.1	-
- tax on transfers to net profit	(1.7)	-	-	-	-	(1.7)	-
Share-based payments:							
- expense recognised during the year	-	18.6	-	-	-	18.6	-
- shares issued	-	(11.1)	-	-	-	(11.1)	-
- equity component of related tax	-	0.1	-	-	-	0.1	-
Capital reduction	-	-	-	8,223.4	-	8,223.4	-
Dividends declared	-	-	-	-	-	-	(414.2)
Net profit for the year	-	-	-	-	-	-	576.3
Closing balance	(1.4)	88.1	219.3	(7,162.4)	167.3	(6,689.1)	2,945.4
Year ended 30 June 2013							
Opening balance	(1.4)	88.1	219.3	(7,162.4)	167.3	(6,689.1)	2,945.4
Actuarial loss on defined benefit plans	-	-	-	-	-	-	(8.7)
Foreign exchange differences	-	-	(70.7)	-	-	(70.7)	-
Cash flow hedges:							
- fair value losses	(1.4)	-	-	-	-	(1.4)	-
- tax on fair value losses	0.5	-	-	-	-	0.5	-
- transfers to net profit	-	-	-	-	-	-	-
- transfers to property, plant and equipment	3.2	-	-	-	-	3.2	-
- tax on transfers to net profit	(1.2)	-	-	-	-	(1.2)	-
Share-based payments:							
- expense recognised during the year	-	23.0	-	-	-	23.0	-
- shares issued	-	(17.1)	-	-	-	(17.1)	-
- equity component of related tax	-	4.6	-	-	-	4.6	-
Dividends declared	-	-	-	-	-	-	(422.2)
Net profit for the year	-	-	-	-	-	-	640.6
Closing balance	(0.3)	98.6	148.6	(7,162.4)	167.3	(6,748.2)	3,155.1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 29. RESERVES AND RETAINED EARNINGS - CONTINUED

B) NATURE AND PURPOSE OF RESERVES

Hedging reserve

This comprises the cumulative portion of the gain or loss of cash flow hedges that are determined to be effective hedges. Amounts are recognised in the income statement when the associated hedged transaction is recognised or the hedge or a portion thereof becomes ineffective.

Share-based payments reserve

This comprises the cumulative share-based payment expense recognised in the income statement in relation to equity-settled options and share rights issued but not yet exercised. Refer to Note 28 for further details.

Foreign currency translation reserve

This comprises cumulative exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of qualifying net investment hedges. The relevant accumulated balance is recognised in the income statement on disposal of a foreign subsidiary.

Unification reserve

On Unification, Brambles Limited issued shares on a one-for-one basis to those Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) shareholders who did not elect to participate in the Cash Alternative. The Unification reserve of US\$15,385.8 million was established on 4 December 2006, representing the difference between the Brambles Limited share capital measured at fair value and the carrying value of the share capital of BIL and BIP at that date. In the consolidated financial statements, the reduction in share capital of US\$8,223.4 million on 9 September 2011 by the parent entity in accordance with section 258F of the Corporations Act 2001 was applied against the Unification reserve.

Other

This comprises a merger reserve created in 2001 and a capital redemption reserve created in 2006.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT

Brambles is exposed to a variety of financial risks: market risk (including the effect of fluctuations in interest rates and exchange rates), liquidity risk and credit risk.

Brambles' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Brambles.

Brambles uses standard derivative financial instruments to manage its risk exposure in the normal course of business. Brambles does not trade in financial instruments for speculative purposes. Hedging activities are conducted through Brambles' Treasury department on a centralised basis in accordance with Board policies and guidelines through standard operating procedures and delegated authorities.

Policies with respect to financial risk management and hedging activities are discussed below and should be read in conjunction with detailed information contained in the Operational & Financial Review on pages 3 to 4.

A) FAIR VALUES

Set out below is a comparison by category of the carrying amounts and fair values of financial instruments recognised in the balance sheet. With the exception of loans and receivables and derivatives designated as hedging instruments, all financial assets are classified as financial assets at fair value through profit or loss.

	Carrying amount		Fair value	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Financial assets				
- cash at bank and in hand (Note 14)	98.8	143.4	98.8	143.4
- short term deposits (Note 14)	30.1	30.8	30.1	30.8
- trade receivables (Note 15)	871.8	805.6	871.8	805.6
- interest rate swaps (Note 17)	19.5	27.3	19.5	27.3
- embedded derivatives (Note 17)	0.5	0.4	0.5	0.4
- forward foreign currency contracts (Note 17)	0.7	0.2	0.7	0.2
Financial liabilities				
- trade payables (Note 23)	469.0	458.5	469.0	458.5
- bank overdrafts (Note 24)	53.9	21.5	53.9	21.5
- bank loans (Note 24)	966.3	1,022.3	966.3	1,022.3
- loan notes (Note 24)	1,796.3	1,775.4	1,944.1	1,915.2
- finance lease liabilities (Note 24)	22.7	38.5	22.7	38.5
- other loans (Note 24)	4.1	6.4	4.1	6.4
- interest rate swaps (Note 17)	0.5	3.8	0.5	3.8
- forward foreign currency contracts (Note 17)	9.0	2.0	9.0	2.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

A) FAIR VALUES - CONTINUED

Brambles uses the following methods in estimating the fair values of financial instruments:

- Level 1 - the fair value is calculated using quoted prices in active markets;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not observable market data.

The table below sets out the fair values and methods used to estimate the fair value of derivatives designated as hedging instruments.

	2013				2012			
	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
Derivative financial assets								
- interest rate swaps	-	19.5	-	19.5	-	27.3	-	27.3
- embedded derivatives	-	0.5	-	0.5	-	0.4	-	0.4
- forward foreign currency contracts	-	0.7	-	0.7	-	0.2	-	0.2
Derivative financial liabilities								
- interest rate swaps	-	0.5	-	0.5	-	3.8	-	3.8
- forward foreign currency contracts	-	9.0	-	9.0	-	2.0	-	2.0

The fair values of derivatives designated as hedging instruments are determined using valuation techniques that are based on observable market data. For forward foreign exchange contracts, the net fair value is taken to be the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity dates. Fair value for other financial assets and liabilities has been calculated by discounting future cash flows at prevailing interest rates for the relevant yield curve.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK

Brambles has the following risk policies in place with respect to market risk.

Interest rate risk

Brambles' exposure to potential volatility in finance costs, predominantly US dollars and euros, is managed by maintaining a mix of fixed and floating-rate instruments within select target bands over defined periods. In most cases, interest rate derivatives are used to achieve these targets synthetically.

The following table sets out the financial instruments exposed to interest rate risk at reporting date:

	2013 US\$m	2012 US\$m
Financial assets (floating rate)		
Cash at bank	98.8	143.4
Short term deposits	30.1	30.8
	128.9	174.2
Weighted average effective interest rate	0.8%	1.1%
Financial liabilities (floating rate)		
Bank overdrafts	53.9	21.5
Bank loans	966.3	1,022.3
Interest rate swaps (notional value) - cash flow hedges	(50.0)	(200.0)
Interest rate swaps (notional value) - fair value hedges	450.0	450.0
Net exposure to cash flow interest rate risk	1,420.2	1,293.8
Weighted average effective interest rate	1.9%	2.3%
Financial liabilities (fixed rate)		
Loan notes	1,796.3	1,775.4
Finance lease liabilities	22.7	38.5
Other loans	4.1	6.4
Interest rate swaps (notional value) - cash flow hedges	50.0	200.0
Interest rate swaps (notional value) - fair value hedges	(450.0)	(450.0)
Net exposure to fair value interest rate risk	1,423.1	1,570.3
Weighted average effective interest rate	5.4%	5.3%

Interest rate swaps - cash flow hedges

Brambles enters into various interest rate risk management transactions for the purpose of managing finance costs to achieve more stable and predictable finance expense results. The instruments primarily used are interest rate swaps.

During 2013, Brambles entered into or maintained interest rate swap transactions with various banks hedging variable rate borrowings in US dollars. The purpose of the interest rate swaps was to hedge variable interest expense under borrowings against rising interest rates. Interest rate swaps achieve this by synthetically converting the variable interest rate payment into a fixed interest liability on the dates on which interest is payable on the underlying debt. The fair value of these contracts at reporting date was US\$(0.5) million (2012: US\$(3.8) million).

The terms of the contracts have been negotiated to match the projected drawdowns and rollovers of variable rate bank debt.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Interest rate swaps - fair value hedges

Brambles has entered into interest rate swap transactions with various banks swapping US\$450.0 million of the US\$750.0 million 144A bonds to variable rate. The fair value of these contracts at reporting date was US\$19.5 million (2012: US\$27.3 million).

The terms of the swaps match the terms of the fixed rate bond issue for the amounts and durations being hedged.

The gain or loss from re-measuring the interest rate swaps at fair value is recorded in the income statement together with any changes in the fair value of the hedged asset or liability that is attributed to the hedged risk. For 2013, all interest rate swaps were effective hedging instruments.

Sensitivity analysis

The following table sets out the sensitivity of Brambles' financial assets and financial liabilities to interest rate risk applying the following assumptions:

	Interest rate risk			
	2013		2012	
	lower rates	higher rates	lower rates	higher rates
US dollar interest rates	- 25 bps	+ 75 bps	- 25 bps	+ 75 bps
Australian dollar interest rates	- 50 bps	+ 75 bps	- 50 bps	+ 75 bps
Sterling interest rates	- 25 bps	+ 75 bps	- 25 bps	+ 75 bps
Euro interest rates	- 25 bps	+ 75 bps	- 25 bps	+ 75 bps
	US\$m	US\$m	US\$m	US\$m
Impact on profit after tax	1.9	(7.5)	1.9	(6.8)
Impact on equity	(0.1)	0.2	-	0.1

Based on financial instruments held at 30 June 2013, if interest rates were to parallel shift by the number of basis points in the different currencies noted above with all other variables held constant, profit after tax for the year would have been US\$1.9 million higher or US\$7.5 million lower (2012: US\$1.9 million higher or US\$6.8 million lower), mainly as a result of lower/higher interest expense on bank borrowings. The impact on equity would have been US\$0.1 million lower or US\$0.2 million higher (2012: US\$nil million or US\$0.1 million higher) mainly as a result of the incremental movement through the hedging reserve relating to the effective portion of cash flow hedges. Given its geographically diverse operations, Brambles had interest rate exposure positions against a variety of currencies, predominantly US dollars and euros.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Foreign exchange risk

Exposure to foreign exchange risk generally arises in transactions affecting either the value of transactions translated back to the functional currency of a subsidiary or affecting the value of assets and liabilities of overseas subsidiaries when translated back to the Group's reporting currency. Foreign exchange hedging is used when a transaction exposure exceeds certain thresholds and as soon as a defined exposure arises.

Currency profile

The following table sets out the currency mix profile of Brambles' financial instruments at reporting date:

	US dollar US\$m	Aust. dollar US\$m	Sterling US\$m	Euro US\$m	Other US\$m	Total US\$m
2013						
Financial assets						
- cash at bank and in hand	1.6	8.7	1.9	31.4	55.2	98.8
- short term deposits	-	-	-	0.3	29.8	30.1
- interest rate swaps	19.5	-	-	-	-	19.5
- embedded derivatives	-	-	-	-	0.5	0.5
- forward foreign currency contracts	1.3	345.5	5.0	94.6	24.1	470.5
	22.4	354.2	6.9	126.3	109.6	619.4
Financial liabilities						
- bank overdrafts	12.7	-	-	19.2	22.0	53.9
- bank loans	408.9	0.9	16.7	0.4	83.2	510.1
- loan notes	1,143.5	-	-	652.8	-	1,796.3
- finance lease liabilities	4.0	-	-	18.5	0.2	22.7
- other loans	-	-	-	2.4	1.7	4.1
- interest rate swaps	0.5	-	-	-	-	0.5
- forward foreign currency contracts	300.0	9.5	24.5	25.8	119.0	478.8
- net investment hedge	-	-	-	456.2	-	456.2
	1,869.6	10.4	41.2	1,175.3	226.1	3,322.6
2012						
Financial assets						
- cash at bank and in hand	19.0	2.3	8.3	47.2	66.6	143.4
- short term deposits	-	21.6	-	-	9.2	30.8
- interest rate swaps	27.3	-	-	-	-	27.3
- embedded derivatives	-	-	-	-	0.4	0.4
- forward foreign currency contracts	0.1	160.6	133.9	55.6	191.8	542.0
	46.4	184.5	142.2	102.8	268.0	743.9
Financial liabilities						
- bank overdrafts	-	-	0.2	6.5	14.8	21.5
- bank loans	432.9	0.8	-	76.4	76.2	586.3
- loan notes	1,152.2	-	-	623.2	-	1,775.4
- finance lease liabilities	7.5	0.1	-	30.8	0.1	38.5
- other loans	-	0.3	-	4.3	1.8	6.4
- interest rate swaps	3.8	-	-	-	-	3.8
- forward foreign currency contracts	321.9	3.4	0.3	147.5	70.7	543.8
- net investment hedge	-	-	-	436.0	-	436.0
	1,918.3	4.6	0.5	1,324.7	163.6	3,411.7

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Forward foreign exchange contracts - cash flow hedges

Brambles enters into forward foreign exchange contracts to hedge currency exposures arising from normal commercial transactions such as the purchase and sale of equipment and services, intercompany interest and royalties.

During 2013, Brambles entered into forward foreign exchange transactions with various banks in a variety of cross-currencies for terms ranging up to 4 months. Most contracts create an obligation on Brambles to take receipt of or deliver a foreign currency which is used to fulfil the foreign currency sale or purchase order.

The gain or loss from re-measuring the foreign exchange contracts at fair value is deferred and recognised in the hedging reserve in equity to the extent that the hedge is effective and reclassified into profit and loss when the hedged item is recognised. Any ineffective portion is charged to the income statement. For 2013 and 2012, all foreign exchange contracts were effective hedging instruments.

Foreign exchange contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. The fair value of these contracts at reporting date was US\$0.3 million (2012: nil).

Other forward foreign exchange contracts

Brambles enters into other forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas subsidiaries. In this case, the forward foreign exchange contract provides an economic hedge against exchange fluctuations in the foreign currency loan balance. The face value and terms of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loan and foreign exchange contracts to spot rates are offset in the income statement. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading.

These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are taken to the income statement immediately. The fair value of these contracts at reporting date was US\$(8.6) million (2012: US\$(1.8) million).

Hedge of net investment in foreign entity

Included in bank loans at 30 June 2013 is a borrowing of US\$456.2 million (2012: US\$436.0 million) denominated in euros. This loan has been designated as a hedge of the net investment in Brambles' European subsidiaries and is being used to partially hedge Brambles' exposure to foreign exchange risks on these investments. For 2013 and 2012, there was no ineffectiveness to be recorded from such partial hedges of net investments in foreign entities.

Sensitivity analysis

The following table sets out the sensitivity of Brambles' financial assets and financial liabilities to foreign exchange risk (transaction exposures only):

	Foreign exchange risk			
	2013		2012	
	lower rates	higher rates	lower rates	higher rates
Exchange rate movement	-10%	+10%	-10%	+10%
	US\$m	US\$m	US\$m	US\$m
Impact on profit after tax	0.4	(0.4)	0.1	(0.1)
Impact on equity	(31.9)	31.9	(30.5)	30.5

Based on the financial instruments held at 30 June 2013, if exchange rates were to weaken/strengthen by 10% with all other variables held constant, profit after tax for the year would have been US\$0.4 million higher/lower (2012: US\$0.1 million higher/lower). The impact on equity would have been US\$31.9 million lower/higher (2012: US\$30.5 million lower/higher) as a result of the incremental movement through the foreign currency translation reserve relating to the effective portion of a net investment hedge.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK

Brambles' objective is to maintain adequate liquidity to meet its financial obligations as and when they fall due. Brambles funds its operations through existing equity, retained cash flow and borrowings. Funding is generally sourced from relationship banks and debt capital market investors on a medium to long term basis.

Bank credit facilities are generally structured on a committed multi-currency revolving basis and at balance date had maturities ranging out to November 2017. Borrowings under the bank credit facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

Borrowings are raised from debt capital markets by the issue of unsecured fixed interest notes, with interest payable semi-annually or annually.

Brambles also has access to further funding through overdrafts, uncommitted and standby lines of credit, principally to manage day-to-day liquidity.

To minimise foreign exchange risks, borrowings are arranged in the currency of the relevant operating asset to be funded.

Refer to Note 24A for borrowing facilities and credit standby arrangements disclosures.

Maturities of derivative financial assets and liabilities

The maturity of Brambles' contractual cash flows on net and gross settled derivative financial instruments, based on the remaining period to contractual maturity date, is presented below. Cash flows on interest rate swaps and forward foreign exchange contracts are valued based on forward interest rates applicable at reporting date.

	Year 1 US\$m	Year 2 US\$m	Year 3 US\$m	Year 4 US\$m	Over 4 years US\$m	Total contractual cash flows US\$m	Carrying amount assets/ (liabilities) US\$m
2013							
Net settled							
Interest rate swaps							
- cash flow hedges	(0.5)	-	-	-	-	(0.5)	(0.5)
- fair value hedges	9.7	9.8	-	-	-	19.5	19.5
Gross settled							
Forward foreign exchange contracts							
- inflow	470.5	-	-	-	-	470.5	-
- (outflow)	(478.8)	-	-	-	-	(478.8)	(8.3)
	0.9	9.8	-	-	-	10.7	10.7
2012							
Net settled							
Interest rate swaps							
- cash flow hedges	(3.0)	(0.8)	-	-	-	(3.8)	(3.8)
- fair value hedges	8.3	10.5	8.5	-	-	27.3	27.3
Gross settled							
Forward foreign exchange contracts							
- inflow	542.0	-	-	-	-	542.0	-
- (outflow)	(543.8)	-	-	-	-	(543.8)	(1.8)
	3.5	9.7	8.5	-	-	21.7	21.7

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK - CONTINUED

Maturities of non-derivative financial liabilities

The maturity of Brambles' contractual cash flows on non-derivative financial liabilities, based on the remaining period to contractual maturity date, for principal and interest, is presented below. Refer to Note 24B for borrowing facilities maturity profile.

	Year 1 US\$m	Year 2 US\$m	Year 3 US\$m	Year 4 US\$m	Over 4 years US\$m	Total contractual cash flows US\$m	Carrying amount US\$m
2013							
Financial liabilities							
Trade payables	469.0	-	-	-	-	469.0	469.0
Bank overdrafts	53.9	-	-	-	-	53.9	53.9
Bank loans	50.1	88.8	432.4	358.8	89.5	1,019.6	966.3
Loan notes	139.8	495.3	121.5	154.2	1,272.7	2,183.5	1,796.3
Finance lease liabilities	13.0	8.1	3.0	0.4	-	24.5	22.7
Other loans	3.8	0.4	-	-	-	4.2	4.1
	729.6	592.6	556.9	513.4	1,362.2	3,754.7	3,312.3
Financial guarantees ¹	99.5	-	-	-	-	99.5	-
	829.1	592.6	556.9	513.4	1,362.2	3,854.2	3,312.3
2012							
Financial liabilities							
Trade payables	458.5	-	-	-	-	458.5	458.5
Bank overdrafts	21.5	-	-	-	-	21.5	21.5
Bank loans	45.7	353.8	184.1	340.9	192.1	1,116.6	1,022.3
Loan notes	104.9	116.2	488.3	124.7	1,486.2	2,320.3	1,775.4
Finance lease liabilities	18.5	13.4	8.0	3.0	0.5	43.4	38.5
Other loans	4.6	1.8	-	-	-	6.4	6.4
	653.7	485.2	680.4	468.6	1,678.8	3,966.7	3,322.6
Financial guarantees ¹	116.7	-	-	-	-	116.7	-
	770.4	485.2	680.4	468.6	1,678.8	4,083.4	3,322.6

¹ Refer to Note 33A for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. Brambles does not expect these payments to eventuate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

D) CREDIT RISK EXPOSURE

Brambles is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments as set out in Note 30A. There is no significant concentration of credit risk.

Brambles trades only with recognised, creditworthy third parties. Collateral is generally not obtained from customers.

Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Credit limits are set for individual customers and approved by credit managers in accordance with an approved authority matrix. These credit limits are regularly monitored and revised based on historic turnover activity and credit performance. In addition, overdue receivable balances are monitored and actioned on a regular basis.

Exposure to credit risk also arises from amounts receivable from unrealised gains on derivative financial instruments. At the reporting date, this amount was US\$20.2 million (2012: US\$27.5 million). Brambles transacts derivatives with prominent financial institutions and has credit limits in place to limit exposure to any potential non-performance by its counterparties.

E) CAPITAL RISK MANAGEMENT

Brambles' objective when managing capital is to ensure Brambles continues as a going concern as well as to provide a balance between financial flexibility and balance sheet efficiency. In determining its capital structure, Brambles considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital and ease of access to funding sources.

Brambles manages its capital structure to be consistent with a solid investment grade credit. At 30 June 2013, Brambles held investment grade credit ratings of BBB+ from Standard and Poor's and Baa1 from Moody's Investor Services.

Initiatives available to Brambles to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying-back share capital, issuing new shares, selling assets to reduce debt and varying the maturity profile of its borrowings.

Brambles considers its capital to comprise:

	2013 US\$m	2012 US\$m
Total borrowings	2,843.3	2,864.1
Less: cash and cash equivalents	(128.9)	(174.2)
Net debt	2,714.4	2,689.9
Total equity	3,025.4	2,740.4
Total capital	5,739.8	5,430.3

Brambles has a financial policy to target a net debt to EBITDA ratio of less than 1.75 to 1. Brambles is compliant with this financial policy at 30 June 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

E) CAPITAL RISK MANAGEMENT - CONTINUED

Under the terms of its major borrowing facilities, Brambles is required to comply with the following financial covenants:

- the ratio of net debt to EBITDA is to be no more than 3.5 to 1; and
- the ratio of EBITDA to net finance costs is to be no less than 3.5 to 1.

Brambles has complied with these financial covenants for 2013 and prior years. At balance date, based on the definitions below, the ratios were:

	2013 US\$m	2012 US\$m
Total borrowings	2,843.3	2,864.1
Less: fair value adjustments due to hedge accounting	(17.1)	(25.1)
Less: cash and cash equivalents	(128.9)	(174.2)
Net debt	2,697.3	2,664.8
EBITDA	1,609.3	1,556.4
Net finance costs	110.9	152.0
Net debt/EBITDA (times)	1.7	1.7
EBITDA/net finance cost (times)	14.5	10.2

The following definitions apply in the calculation of these financial covenants:

- EBITDA means Brambles' consolidated operating profit (excluding Significant items outside the ordinary course of business) before depreciation, amortisation, impairment, profit of joint ventures and associates and certain fair value adjustments in respect of financial derivatives; and
- net debt means Brambles' consolidated total borrowings, excluding the impact of fair value adjustments in relation to hedge accounting, less cash and cash equivalents.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

A) RECONCILIATION OF CASH

	2013 US\$m	2012 US\$m
For the purpose of the cash flow statement, cash comprises:		
Cash at bank and in hand (Note 14)	98.8	143.4
Short term deposits (Note 14)	30.1	30.8
	128.9	174.2
Bank overdraft (Note 24)	(53.9)	(21.5)
	75.0	152.7

B) RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Profit after tax	640.6	576.3
Adjustments for:		
- depreciation and amortisation	557.0	552.2
- irrecoverable pooling equipment provision expense	101.5	100.1
- net gains on disposals of property, plant and equipment	(16.5)	(14.3)
- impairment of software and property, plant and equipment	16.8	15.2
- other valuation adjustments	(18.3)	(0.1)
- joint ventures	(2.8)	(1.4)
- equity-settled share-based payments	23.0	18.6
- finance revenues and costs	(4.8)	(6.4)
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- increase in trade and other receivables	(56.7)	(123.1)
- increase in prepayments	(5.9)	(4.0)
- (increase)/decrease in inventories	(4.2)	10.3
- increase in deferred taxes	42.4	46.0
- increase in trade and other payables	28.6	8.1
- increase/(decrease) in tax payables	27.6	(49.8)
- increase/(decrease) in provisions	11.8	(33.8)
- other	(0.2)	(4.7)
Net cash inflow from operating activities	1,339.9	1,089.2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

C) RECONCILIATION OF MOVEMENT IN NET DEBT

	2013 US\$m	2012 US\$m
Net debt at beginning of the year	2,689.9	2,998.8
Net cash inflow from operating activities	(1,339.9)	(1,089.2)
Net cash outflow from investing activities	1,010.3	932.8
Net inflow from hedge instruments	(6.6)	(4.6)
Proceeds from issue of ordinary shares	(117.4)	(326.6)
Dividends paid	425.5	397.7
Increase on business acquisitions and disposals	1.6	3.2
Interest accruals, finance leases and other	8.9	7.2
Foreign exchange differences	42.1	(229.4)
Net debt at end of the year	2,714.4	2,689.9
Being:		
Current borrowings	156.9	86.4
Non-current borrowings	2,686.4	2,777.7
Cash and cash equivalents	(128.9)	(174.2)
Net debt at end of the year	2,714.4	2,689.9

D) NON-CASH FINANCING OR INVESTING ACTIVITIES

There were no financing or investing transactions during the year which have had a material effect on the assets and liabilities of Brambles that did not involve cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 32. COMMITMENTS

A) CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2013, Brambles had commitments of US\$226.2 million (2012: US\$192.4 million) principally relating to property, plant and equipment.

Capital expenditure contracted for but not recognised as liabilities at reporting date were as follows:

	2013 US\$m	2012 US\$m
Within one year	154.5	129.8
Between one and five years	71.7	62.6
	226.2	192.4

B) OPERATING LEASE COMMITMENTS

Brambles has taken out operating leases for offices, operational locations and plant and equipment. The leases have varying terms, escalation clauses and renewal rights. Escalation clauses are rare and any impact is considered immaterial.

The future minimum lease payments under such non-cancellable operating leases are as follows:

	Plant		Occupancy	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Within one year	36.9	35.3	195.3	174.3
Between one and five years	58.9	38.9	541.6	505.0
After five years	7.6	-	272.5	276.0
Minimum lease payments	103.4	74.2	1,009.4	955.3

During the year, operating lease expense of US\$262.8 million (2012: US\$230.5 million) was recognised in the income statement.

C) FINANCE LEASE COMMITMENTS

Finance leases of plant and equipment are not a material feature of Brambles' funding arrangements. Finance lease commitments are payable as follows:

	Plant	
	2013 US\$m	2012 US\$m
Minimum lease payments		
Within one year	13.0	18.5
Between one and five years	11.5	24.9
	24.5	43.4
Finance costs		
Within one year	(1.3)	(2.0)
Between one and five years	(0.5)	(2.9)
	(1.8)	(4.9)
Minimum lease payments recognised as a liability		
Within one year	11.7	16.5
Between one and five years	11.0	22.0
	22.7	38.5

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 33. CONTINGENCIES

- a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to performance under contracts entered into totalling US\$99.5 million (2012: US\$116.7 million), of which US\$77.0 million (2012: US\$94.6 million) is also guaranteed by Brambles Limited. US\$16.3 million (2012: US\$15.3 million) is also guaranteed by Brambles Limited and certain of its subsidiaries under a deed of cross-guarantee and are included in Note 38B.
- b) A subsidiary has guaranteed certain lease obligations of third parties totalling US\$2.3 million (2012: US\$5.3 million). A subsidiary has provided guarantees to support lease facilities entered into by certain other subsidiaries. Total facilities available amount to US\$6.0 million (2012: US\$10.3 million), of which US\$6.0 million (2012: US\$10.3 million) has been drawn.
- c) Environmental contingent liabilities
Brambles' activities have included the treatment and disposal of hazardous and non-hazardous waste through subsidiaries and corporate joint ventures. In addition, other activities of Brambles entail using, handling and storing materials which are capable of causing environmental impairment.

As a consequence of the nature of these activities, Brambles has incurred and may continue to incur environmental costs and liabilities associated with site and facility operation, closure, remediation, aftercare, monitoring and licensing. Provisions have been made in respect of estimated environmental liabilities at all sites and facilities where obligations are known to exist and can be reliably measured.

However, additional liabilities may emerge due to a number of factors including changes in the numerous laws and regulations which govern environmental protection, liability, land use, planning and other matters in each jurisdiction in which Brambles operates or has operated. These extensive laws and regulations are continually evolving in response to technological advances, scientific developments and other factors. Brambles cannot predict the extent to which it may be affected in the future by any such changes in legislation or regulation.

- d) In the ordinary course of business, Brambles becomes involved in litigation. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably quantified. Recoveries have been recognised where recoveries, for example from insurance arrangements, are virtually certain. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.
- e) Brambles has given vendor warranties in relation to businesses sold in prior years. Brambles has recognised the financial impact of such vendor warranties and adjustments on the basis of information currently available. A contingent liability exists for any amounts which may ultimately be borne by Brambles which are in excess of the amounts provided at 30 June 2013.
- f) A third party facility leased by Recall had suffered significant structural damage resulting in the facility becoming non-operational. Consequently, Recall has and will continue to incur costs associated with the incident and the relocation of operations to a new facility. Provision, net of insurance proceeds received, has been made in respect of Recall's obligations that are known to exist and can be reliably measured. The provision is Recall's current best estimate of the costs it will incur arising from this matter. There are, however, a number of aspects relating to this matter which have not been finalised and a number of parties are involved in their resolution. At the date of this report, it is not possible to determine when all of these aspects will be finalised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 34. AUDITORS' REMUNERATION

	2013 US\$'000	2012 US\$'000
Amounts received or due and receivable by PwC (Australia) for:		
Audit services in Australia:		
- audit and review of Brambles' financial reports	2,090	2,068
- other assurance services	49	13
	2,139	2,081
Other services:		
- finance due diligence	692	2,549
	692	2,549
Total remuneration of PwC (Australia)	2,831	4,630
Amounts received or due and receivable by related practices of PwC (Australia) for:		
Audit services outside Australia:		
- audit and review of Brambles' financial reports	4,238	4,488
- other assurance services	11	123
	4,249	4,611
Other services:		
- tax advisory services	106	152
- other	113	53
	219	205
Total remuneration of related practices of PwC (Australia)	4,468	4,816
Total auditors' remuneration	7,299	9,446

From time to time, Brambles employs PwC on assignments additional to their statutory audit duties where PwC, through their detailed knowledge of the Group, are best placed to perform the services from an efficiency, effectiveness and cost perspective. The performance of such non-audit related services is always balanced with the fundamental objective of ensuring PwC's objectivity and independence as auditors. To ensure this balance, Brambles' Charter of Audit Independence requires that the Audit Committee approve any management recommendation that PwC undertake non-audit work (with approval being delegated to the Chief Financial Officer within specified monetary limits).

Non-audit assignments during the year primarily related to finance due diligence for the Recall proposed demerger, treasury consulting service, compliance tracking system, regulatory reporting and tax consulting advice. In 2012, non-audit assignments primarily related to the Recall divestment process, acquisition due diligence, tax consulting advice and implementation of a compliance tracking system.

NOTE 35. KEY MANAGEMENT PERSONNEL

A) KEY MANAGEMENT PERSONNEL COMPENSATION

Short term employee benefits	14,700	13,424
Post employment benefits	351	442
Other benefits	98	96
Termination/sign-on/retirement benefits	1,453	2,587
Share-based payment expense	8,899	6,585
	25,501	23,134

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

B) EQUITY INSTRUMENTS DISCLOSURE RELATING TO KEY MANAGEMENT PERSONNEL

The number of ordinary shares and options/share rights in Brambles held during the financial year by key management personnel, including their related parties, are set out below:

Name and holdings	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Changes during the year	Balance at end of the year ¹	Vested and exercisable at end of the year
2013							
Executive Director							
T J Gorman							
Ordinary shares	128,782	-	-	-	80,366	209,148	-
Share rights	1,316,336	536,092	148,310	178,735	-	1,525,383	-
Current Key Management Personnel							
Z Todorcevski							
Ordinary shares	500	-	-	-	78,091	78,591	-
Share rights	-	406,298	77,906	-	-	328,392	-
J Holley							
Ordinary shares	229	-	-	-	24,596	24,825	-
Share rights	125,859	83,873	32,305	-	-	177,427	-
P S Mackie							
Ordinary shares	2,165	-	-	-	12,890	15,055	-
Share rights	375,446	171,843	25,888	27,918	-	493,483	-
D A Pertz²							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	-	-	-	-	-	-
K Pohler							
Ordinary shares	-	-	-	-	-	-	-
Share rights	251,637	-	-	-	-	251,637	-
J D Rabbino							
Ordinary shares	-	-	-	-	19	19	-
Share rights	-	97,419	-	-	-	97,419	-
N P Smith							
Ordinary shares	4,132	-	-	-	71,359	75,491	-
Share rights	376,931	129,608	46,822	49,649	-	410,068	-
Former Key Management Personnel							
G J Hayes							
Ordinary shares	-	-	-	-	-	-	-
Share rights	1,159,820	-	172,739	384,861	-	602,220	-
E E Potts							
Ordinary shares	93,059	-	-	-	(19,577)	73,482	-
Share rights	392,796	216,635	50,192	177,717	-	381,522	-
R J Westerbos							
Ordinary shares	101,495	-	-	-	(101,495)	-	-
Options/share rights	264,092	140,039	-	106,648	-	297,483	-

¹ Closing balances are as at the end of the year for ongoing employees and as at cessation of employment for those whose employment ended during the year.

² D A Pertz commenced employment on 1 April 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2013

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

Name and holdings	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Changes during the year	Balance at end of the year ¹	Vested and exercisable at end of the year
2012							
Executive Directors							
T J Gorman							
Ordinary shares	40,967	-	-	-	87,815	128,782	-
Share rights	955,882	544,303	94,220	89,629	-	1,316,336	-
G J Hayes							
Ordinary shares	-	-	-	-	-	-	-
Share rights	735,011	424,809	-	-	-	1,159,820	-
Current Key Management Personnel							
J Holley							
Ordinary shares	-	-	-	-	229	229	-
Share rights	-	125,859	-	-	-	125,859	-
P S Mackie							
Ordinary shares	961	-	-	-	1,204	2,165	-
Share rights	272,237	166,093	24,894	37,990	-	375,446	-
K Pohler							
Ordinary shares	-	-	-	-	-	-	-
Share rights	251,637	-	-	-	-	251,637	-
E E Potts							
Ordinary shares	66,607	-	-	-	26,452	93,059	-
Share rights	346,488	137,695	37,668	53,719	-	392,796	-
J D Rabbino							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	-	-	-	-	-	-
N P Smith							
Ordinary shares	2,630	-	-	-	1,502	4,132	-
Share rights	334,360	140,514	48,682	49,261	-	376,931	-
R J Westerbos							
Ordinary shares	101,495	-	-	-	-	101,495	-
Share rights	116,434	147,658	-	-	-	264,092	-
Former Key Management Personnel							
J R A Judd							
Ordinary shares	79,436	-	-	-	(15,066)	64,370	-
Share rights	296,916	118,444	48,090	153,712	-	213,558	-
J D Ritchie							
Ordinary shares	60,324	-	-	-	(60,302)	22	-
Share rights	200,658	192	1,103	84,948	-	114,799	-
K J Shuba							
Ordinary shares	57,766	-	-	-	42,020	99,786	-
Options/share rights	379,094	136,243	60,508	175,775	-	279,054	-

¹ Closing balances are as at the end of the year for ongoing employees and as at cessation of employment for those whose employment ended during the year.

C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other transactions with key management personnel are set out in Note 36C.

Further remuneration disclosures are set out in the Directors' Report on pages 32 to 49 of the Annual Report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 36. RELATED PARTY INFORMATION

A) BRAMBLES

Brambles comprises Brambles Limited and the entities which it controls.

Borrowings under the bilateral bank credit facilities are undertaken by a limited number of Brambles subsidiaries. Funding of other subsidiaries within Brambles is by way of intercompany loans, all of which are documented and carry arms-length interest rates applicable to the currency and terms of the loans.

Brambles Limited charges Brambles' borrowers an arms-length guarantee fee for the guarantees and cross-guarantees it has given in relation to borrowing facilities, as described in Note 38B.

Dividends are declared within the group only as required for funding or other commercial reasons.

Brambles has in place cost sharing agreements to ensure that relevant costs are taken up by the entities receiving the benefits.

All amounts receivable and payable by entities within Brambles and any interest thereon are eliminated on consolidation.

B) JOINT VENTURES

Brambles' share of the net results of joint ventures is disclosed in Note 19.

C) OTHER TRANSACTIONS

Other transactions entered into during the year with Directors of Brambles Limited; with Director-related entities; with key management personnel (KMP, as set out in the Directors' Report); or with KMP-related entities were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses. Any other transactions were trivial or domestic in nature.

D) OTHER RELATED PARTIES

A subsidiary has a non-interest bearing advance outstanding as at 30 June 2013 of US\$1,304,000 (2012: US\$1,432,000) to Brambles Custodians Pty Limited, the trustee under Brambles' employee loan scheme. This scheme enabled employees to acquire shares in BIL and has been closed to new entrants since August 2002.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

E) MATERIAL SUBSIDIARIES

The principal subsidiaries of Brambles during the year were:

Name	Place of incorporation	% interest held at reporting date	
		2013	2012
CHEP			
CHEP USA	USA	100	100
CHEP Canada, Inc.	Canada	100	100
CHEP UK Limited	UK	100	100
CHEP France SA	France	100	100
CHEP Deutschland GmbH	Germany	100	100
CHEP Espana SA	Spain	100	100
CHEP Mexico SA de CV	Mexico	100	100
CHEP Benelux Nederland BV	The Netherlands	100	100
CHEP Italia SRL	Italy	100	100
Brambles Enterprises Limited	UK	100	100
CHEP South Africa (Proprietary) Limited	South Africa	100	100
CHEP Australia Limited	Australia	100	100
CHEP (China) Company Limited	China	100	100
CHEP Technology Pty Limited	Australia	100	100
CHEP India Pvt Limited	India	100	100
LeanLogistics Inc	USA	100	100
Unitpool AG	Switzerland	100	100
CHEP Pallecon Solutions BV	The Netherlands	100	-
CHEP Pallecon Solutions Pty Limited	Australia	100	-
IFCO			
IFCO Systems NV	The Netherlands	100	99.5
Recall			
Recall Limited	UK	100	100
Recall France SA	France	100	100
Recall Corporation, Inc.	USA	100	100
Recall do Brasil Ltda	Brazil	100	100
Recall Information Management Pty Limited	Australia	100	100
Recall Deutschland GmbH	Germany	100	100
Brambles HQ			
Brambles Industries Limited	Australia	100	100
Brambles Holdings (UK) Limited	UK	100	100
Brambles International Finance BV	The Netherlands	100	100
Brambles USA Inc.	USA	100	100
Brambles North America Incorporated	USA	100	100
Brambles Finance plc	UK	100	100
Brambles Finance Limited	Australia	100	100

In addition to the list above, there are a number of other non-material subsidiaries within Brambles.

Investments in subsidiaries are primarily by means of ordinary or common shares. All material subsidiaries prepare accounts with a 30 June balance date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

F) DIRECTORS' INDEMNITIES

Under its constitution, to the extent permitted by law, Brambles Limited indemnifies each person who is, or has been a Director or Secretary of Brambles Limited against any liability which results from facts or circumstances relating to the person serving or having served in the capacity of Director, Secretary, other officer or employee of Brambles Limited or any of its subsidiaries, other than:

- (a) in respect of a liability other than for legal costs:
 - (i) a liability owed to Brambles Limited or a related body corporate;
 - (ii) a liability for a pecuniary penalty order under section 1317G of the Act or a compensation order under section 1317H of the Act; or
 - (iii) a liability that is owed to someone (other than Brambles Limited or a related body corporate) and did not arise out of conduct in good faith; and
- (b) in respect of a liability for legal costs:
 - (i) in defending or resisting proceedings in which the person is found to have a liability for which they could not have been indemnified under paragraph (a)(i) above;
 - (ii) in defending or resisting criminal proceedings in which the person is found guilty;
 - (iii) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the Court to be established; or
 - (iv) in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

Paragraph (b)(iii) above does not apply to costs incurred in responding to actions brought by ASIC or a liquidator as part of an investigation before commencing proceedings for the Court order.

As allowed by its constitution, Brambles Limited has provided indemnities from time to time to Directors, Secretaries or other Statutory Officers of its subsidiaries (Beneficiaries) against all loss, cost and expenses (collectively Loss) caused by or arising from any act or omission by the relevant person in performance of that person's role as a Director, Secretary or Statutory Officer.

The indemnity given by the Company excludes the following matters:

- (a) any Loss to the extent caused by or arising from an act or omission of the Beneficiary prior to the effective date of the indemnity;
- (b) any Loss to the extent indemnity in respect of that Loss is prohibited under the Corporations Act (or any other law);
- (c) any Loss to the extent it arises from private or personal acts or omissions of the Beneficiary;
- (d) any Loss comprising the reimbursement of normal day-to-day expenses such as travelling expenses;
- (e) any Loss to the extent the Beneficiary failed to act reasonably to mitigate the Loss;
- (f) any Loss to the extent it is caused by or arises from acts or omissions of the Beneficiary after the date the indemnity is revoked by the Company in accordance with the terms of the indemnity;
- (g) any Loss to the extent it is caused by or arises from any breach by the Beneficiary of the terms of the indemnity.

Insurance policies are in place to cover Directors, Secretaries and other Statutory Officers of Brambles Limited and its subsidiaries, however the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

NOTE 37. EVENTS AFTER BALANCE SHEET DATE

On 2 July 2013, Brambles announced its intention to demerge its Recall business by listing a new holding company, Recall Holdings Limited, on the ASX. Brambles intends to convene a meeting for shareholders to vote on the demerger proposal in December 2013. Subject to the outcome of this shareholder vote and the satisfaction of other conditions (including the relevant court and regulatory approvals), the final separation of Recall from Brambles is expected to occur shortly thereafter.

As Brambles has not commenced the restructuring necessary to effect the proposed de-merger and the necessary shareholder and court approvals have not been obtained, Recall has been classified as a Continuing operation at 30 June 2013 (consistent with classification at 30 June 2012) in accordance with applicable Accounting Standards.

Other than those outlined in the Directors' Report or elsewhere in these financial statements, there have been no other events that have occurred subsequent to 30 June 2013 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2013

NOTE 38. PARENT ENTITY FINANCIAL INFORMATION

A) SUMMARISED FINANCIAL DATA OF BRAMBLES LIMITED

	Parent entity	
	2013 US\$m	2012 US\$m
Profit for the year	402.6	522.7
Other comprehensive income for the year	(754.7)	(1,065.5)
Total comprehensive loss	(352.1)	(542.8)
Current assets	0.7	16.9
Non-current assets	8,026.1	8,413.6
Total assets	8,026.8	8,430.5
Current liabilities	32.2	19.7
Non-current liabilities	334.4	110.5
Total liabilities	366.6	130.2
Net assets	7,660.2	8,300.3
Contributed equity	6,618.5	6,484.1
Share-based payment reserve	48.9	49.1
Foreign currency translation reserve	903.9	1,658.6
Retained earnings	88.9	108.5
Total equity	7,660.2	8,300.3

B) GUARANTEES AND CONTINGENT LIABILITIES

Brambles Limited and certain of its subsidiaries are parties to a deed of cross-guarantee which supports global financing credit facilities available to certain subsidiaries. Total facilities available amount to US\$2,134.3 million (2012: US\$2,192.8 million) of which US\$929.2 million (2012: US\$1,003.5 million) has been drawn.

Brambles Limited and certain of its subsidiaries are parties to guarantees which support US Private Placement borrowings of US\$364.0 million (2012: US\$364.0 million) by a subsidiary.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which support notes of US\$750.0 million (2012: US\$750.0 million) issued by a subsidiary to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which support notes of €500.0 million (2012: €500.0 million) issued by a subsidiary in the European bond market.

Brambles Limited has guaranteed repayment of certain facilities and financial accommodations made available to certain subsidiaries. Total facilities and financial accommodations available amount to US\$569.8 million (2012: US\$569.5 million), of which US\$130.5 million (2012: US\$138.8 million) has been drawn.

Other than these guarantees, the parent entity did not have any contingent liabilities at 30 June 2013 or 30 June 2012.

C) CONTRACTUAL COMMITMENTS

Brambles Limited did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2013 or 30 June 2012.

DIRECTORS' DECLARATION

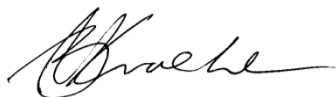
In the opinion of the Directors of Brambles Limited:

- (a) the financial statements and notes set out on pages 57 to 119 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of Brambles as at 30 June 2013 and of its performance for the year ended on that date;
- (b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

A statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board is included within Note 1 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.



G J Kraehe AO
Chairman



T J Gorman
Chief Executive Officer

22 August 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRAMBLES LIMITED



Report on the financial report

We have audited the accompanying financial report of Brambles Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2013, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for Brambles (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
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DX 77 Sydney, Australia
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Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITORS' REPORT - CONTINUED
TO THE MEMBERS OF BRAMBLES LIMITED

Auditors' opinion

In our opinion:

- (a) the financial report of Brambles Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 32 to 49 of the Directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors' opinion

In our opinion, the remuneration report of Brambles Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Paul Bendall
Partner

Sydney
22 August 2013



Mark Dow
Partner

Sydney
22 August 2013

AUDITORS' INDEPENDENCE DECLARATION



As lead auditor for the audit of Brambles Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brambles Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Paul Bendall'.

Paul Bendall
Partner
PricewaterhouseCoopers

Sydney
22 August 2013

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FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m	2009 US\$m
Continuing operations					
Sales revenue	5,889.9	5,625.0	4,672.2	4,146.8	4,018.6
EBITDA	1,568.2	1,491.4	1,289.0	1,168.5	1,142.8
Depreciation and amortisation	557.0	552.2	479.8	444.0	424.6
Operating profit	1,011.2	939.2	809.2	724.5	718.2
Net finance costs	(110.9)	(152.0)	(127.5)	(109.6)	(120.9)
Profit before tax	900.3	787.2	681.7	614.9	597.3
Tax expense	(260.4)	(212.3)	(209.9)	(171.0)	(163.3)
Profit from continuing operations	639.9	574.9	471.8	443.9	434.0
Profit from discontinued operations	0.7	1.4	3.6	4.9	18.6
Profit for the year	640.6	576.3	475.4	448.8	452.6
Underlying Profit	1,057.2	1,009.7	857.2	733.4	900.6
Significant Items	(46.0)	(70.5)	(48.0)	(8.9)	(182.4)
Operating profit	1,011.2	939.2	809.2	724.5	718.2
Weighted average number of shares (millions)	1,555.7	1,482.3	1,445.6	1,411.3	1,388.3
Earnings per share (US cents)					
Basic	41.2	38.9	32.9	31.8	32.6
From continuing operations	41.1	38.8	32.6	31.5	31.3
On Underlying Profit after finance costs and tax	43.5	42.1	36.2	31.9	38.5
ROCI	16%	16%	17%	17%	21%
BVA	269.9	248.6	251.6	212.8	294.6
Capex on property, plant & equipment	927.7	921.1	821.9	498.8	672.4
Balance sheet					
Capital employed	5,739.8	5,430.3	5,450.2	3,391.5	3,572.7
Net debt	2,714.4	2,689.9	2,998.8	1,759.3	2,143.4
Equity	3,025.4	2,740.4	2,451.4	1,632.2	1,429.3
Average Capital Invested	6,668.9	6,413.7	5,013.4	4,420.1	4,268.7
Cash flow					
Cash flow from operations	859.0	591.2	725.1	882.3	722.4
Free cash flow	508.6	179.5	303.3	548.6	419.5
Dividends paid	425.5	397.7	224.0	204.5	277.6
Free cash flow after dividends	83.1	(218.2)	79.3	344.1	141.9
Net debt ratios					
Net debt to EBITDA (times)	1.7	1.7	2.2	1.5	1.8
EBITDA interest cover (times)	14.6	10.3	10.5	10.7	10.0
Average employees	18,037	17,021	17,134	12,714	12,785
Dividend declared per share (Australian cents)	27.0	26.0	26.0	25.0	30.0

GLOSSARY

2006 Share Plan	The Brambles Limited 2006 Performance Share Plan (as amended).
Acquired Shares	Brambles Limited shares purchased by Brambles employees under MyShare.
Actual currency/FX	In the statutory financial statements, results are translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
AGM	Annual General Meeting.
ASX	Australian Securities Exchange.
Average Capital Invested	Average capital invested or ACI is a 12 month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for accumulated pre-tax Significant items, actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
BIFR	Brambles Injuries Frequency Rate. This safety performance indicator measures the combined number of fatalities, lost time injuries, modified duties and medical treatments per million hours worked.
BIL	Brambles Industries Limited, which was one of the two listed entities in the previous dual-listed companies structure.
BIP	Brambles Industries plc, which was one of the two listed entities in the previous dual-listed companies structure.
Board	The Board of Directors of Brambles Limited.
BVA	Brambles Value Added or BVA represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2012 exchange rates as: <ul style="list-style-type: none"> - Underlying profit; plus - Significant items that are part of the ordinary activities of the business; less - Average capital invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.
CAGR	Compound annual growth rate. The CAGR of sales revenue is the annualised percentage at which sales revenue would have grown over a period if it grew at a steady rate.
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant items that are outside the ordinary course of business.
CGPR	The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Second Edition.
Company	Brambles Limited (ACN 118 896 021).
constant currency	Constant currency results are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.
continuing operations	Continuing operations refers to Pallets, RPCs, Containers, Recall and Brambles HQ.
Disclosable Executives	Brambles Limited's Executive Directors, Non-executive Directors and other Group executives whose remuneration details are required to be disclosed in the Remuneration Report.
discontinued operations	Operations which have been divested or which are held for sale.
Dividend Share Program	A program which allows Employees to reinvest Dividends from their Employee holding to acquire further Shares in Brambles. The Share purchase price will be calculated using a volume weighted average of the Brambles Share price over the five trading days up to and including the Record Date.

GLOSSARY - CONTINUED

DLC	Dual-listed companies structure - the previous contractual arrangement between Brambles Industries Limited and Brambles Industries plc under which they operated as if they were a single economic enterprise, whilst retaining their separate legal identities, tax residences and stock exchange listings. BIL and BIP operated as a DLC from August 2001 to December 2006.
EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA is defined as Operating profit from continuing operations after adding back depreciation and amortisation and Significant items outside the ordinary course of business.
ELT	Brambles' Executive Leadership Team, details of which are on pages 17 and 18.
EPS	Earnings per share.
financial year	Brambles' financial year is 1 July - 30 June.
free cash flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.
FX	Foreign exchange.
FY	Financial year. For example, FY13 indicates the financial year ended 30 June 2013.
Group or Brambles	Brambles Limited and all of its related bodies corporate.
IBC	Intermediate bulk container, for the transport and storage of bulk products.
IFRS	International Financial Reporting Standards. Brambles reports its financial results under Australian Accounting Standards, which are compliant with IFRS.
IPEP	Irrecoverable Pooling Equipment Provision.
ISO	International Organization for Standardization.
Key Management Personnel	Members of the Board of Brambles Limited and Brambles' Executive Leadership Team.
KPI(s)	Key Performance Indicator(s).
LTI	Long Term Incentive.
Matching Awards	Matching share rights over Brambles Limited shares allocated to employees when they purchase Acquired Shares under MyShare. When an employee's Matching Awards vest, Matching Shares are allocated to that employee.
Matching Shares	Shares allocated to employees who have held Acquired Shares under MyShare for two years, and who remain employed at the end of that two year period. One Matching Share is allocated for every one Acquired Share held.
MyShare	The Brambles Limited MyShare Plan, an all employee share plan, under which employees acquire ordinary shares by means of deductions from their after-tax pay and must hold those shares for a two year period. If they hold those shares and remain employed at the end of the two year period, then Brambles will match the number of shares they hold by issuing or transferring to them the same number of shares which they held for the qualifying period at no additional cost to the employee.
Net new business wins	The change in sales revenue in a reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis.
Operating profit	Operating profit is profit before finance costs and tax, as shown in the statutory financial statements.
PAT	Profit after tax.

GLOSSARY- CONTINUED

Performance Period	A two-to-three year period over which the achievement of performance conditions is assessed to determine whether STI and LTI share awards will vest.
Recall Holdings	Recall Holdings Limited is the holding company for the Recall business post demerger.
RCC	Risk & Control Committee.
ROCI	Return on capital invested or ROCI is calculated as Underlying profit divided by Average capital invested.
RPC	Reusable plastic container/crate, or returnable/reusable produce crate, generally used for shipment and display of produce items.
Significant Items	Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: <ul style="list-style-type: none">- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or- part of the ordinary activities of the business but unusual due to their size and nature.
S&P	Standard & Poor's is an American financial services company that publishes financial research and analysis.
STI	Short Term Incentive.
TFR	Total Fixed Remuneration.
TSR	Total Shareholder Return. TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified performance period.
Underlying Profit	Underlying profit is profit from continuing operations before finance costs, tax and Significant items.
Unification	The unification of the dual-listed companies structure which operated between Brambles Industries Limited and Brambles Industries plc under a new single Australian holding company, Brambles Limited, which took place in December 2006.
Year	Brambles' 2013 financial year.

CONTACT INFORMATION

REGISTERED OFFICE

Brambles global headquarters is at its registered office in Sydney, Australia:

Level 40, Gateway Building
1 Macquarie Place
Sydney NSW 2000
Australia
ACN 118 896 021

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Facsimile: +61 (0) 2 9256 5299
Email: info@brambles.com
Website: www.brambles.com

Investor & Analyst Queries

Telephone: +61 (0) 2 9256 5238
Email: investorrelations@brambles.com

SHARE REGISTRY

Online access to shareholding information is available to investors through the Link Market Services website.

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000, Australia
Locked Bag A14, Sydney South NSW 1235, Australia

Telephone: 1300 883 073
Facsimile: +61 (0) 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

SHARE RIGHTS REGISTRY

Employees or former employees of Brambles who have queries about the following interests:

- performance share rights under the 2004 or 2006 share plans;
- matching share rights under MyShare; or
- shares acquired under MyShare or other share interests held through AET Structured Finance Services Pty Ltd, may contact:

Boardroom Pty Limited

Attention: Brambles Employee Share Plans
GPO Box 3993, Sydney NSW 2001, Australia

Telephone: 1800 180 833 (within Australia)
+61 (0) 2 9290 9600 (from outside Australia)

Facsimile: 1300 653 459 (within Australia)
+61 (0) 2 9279 0664 (from outside Australia)

Email: bramblesesp@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

