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Michael Ihlein: Good morning everyone and welcome to Brambles 2008 full year results presentation. Just before I get underway, I'd just like to do a couple of quick introductions. Firstly on my left are Liz Doherty, Brambles chief financial officer who joined us in December of last year. Michael Roberts sitting to her left, who a lot of you will get to know quite well, our head of investor relations at Brambles. And also in our front row here, who will join us for Q&A a little later on, Kevin Shuba, who is the group president for CHEP Americas, and Craig van der Laan, the group president for CHEP Asia-Pacific. And Tom Gorman, who runs Europe, Middle-East and Africa is not here today, so I guess I'll field the questions on EMEA and Alvin Potts also is not here today, but welcome to our senior management team.

It's certainly been a very busy year and when I think back about what's happened in the last year, we've been extremely fortunate to now have all of our senior management team in place in Brambles. And of course, the ones that I've just introduced to you this morning are part of that senior team. The last time I spoke to the market was at the June trading update, and today is really around bringing you further up to date with the actual results for the year, and to talk a little more detail about what we're doing on accelerating our growth options across the group.

When I think about the year, I think the best way to describe it is that it's a solid year with success on quite a number of growth initiatives, and I'll talk more about the growth initiatives shortly. In terms of results – and Liz will cover this in a lot more detail – sales up 13%, operating profit up 12% in actual exchange rates. In constant exchange rates, both sales and profit up 6, so certainly from my point of view a very pleasing result in what has been a more challenging economic environment in the last 6-12 months.

The increasingly challenging environment in a number of our markets, particularly in the USA, is meaning that we are needing to make sure we maintain our focus on delivering new business wins and expansion in growth opportunities across all of our businesses. And I think the thing that is very pleasing about the result in this period in this 12 months, is that we've actually seen top line growth in all of the regions of both CHEP and Recall, and I was talking to our staff at the office this morning, and I think it's quite a while since I've been able to say that every region has had top line growth. And while we have some work to do in some parts of our business, I think it is very encouraging that we are seeing this top line growth on a consistent basis across the whole business.

It was only 12 months ago, August last year, that I talked to the market also about my vision for the future for Brambles, and also where did I see a number of significant growth opportunities, particularly in the CHEP business. And I'll talk more about that, and I think the thing that is very encouraging that we've seen in this 12 month period is a lot of wins and a lot of success in these very important growth areas.

We are continuing to win new business. It doesn't matter whether it's Recall in Europe or ANZ or Asia or CHEP in the US, CHEP in Europe, CHEP in Asia-Pacific, we are winning new business in all of our markets. And I think that augurs quite well for our longer term health of the business.

We are continuing to do work with Walmart on developing the best supply chain solution for them and for the whole supply chain, and if you remember what I addressed to the market last August, I talked to the market around the opportunity that I saw for Brambles to be a much broader provider of supply chain solutions. And that's in effect that we are doing with Walmart in developing the best supply chain solution overall, certainly for Walmart, but also for their suppliers, who in fact are our customers. And of course, also for Brambles and for CHEP, and I'll talk a little more about that in a minute.

We are, however, incurring some non-recurring costs in this transitional period, as we develop this new solution with Walmart. As I said, the very good thing is I can share the burden of leadership with my new leadership team and I think that is a great thing to now have that full team in place. I think what is most important about that team is that they are very focused on what needs to be done. Kevin Shuba is sort of calling this his second home, I guess, but Kevin was only here a couple of weeks ago. We had the whole leadership team together, looking at what did we need to do in terms of our longer term strategy, to ensure that we were successful on delivering the growth objective that we have.

Turning now to some more specific comments on the results. I think the results that we've seen demonstrate the strong foundations that we have for growth in our business, and in particular is a good example of the strength of the underlying business models, whether that be CHEP or whether that be Recall. With sales up 13% and profits up 12, of course with the benefit of the weakening of the US dollar, but I think that's delivering a very acceptable result in more challenging economic environments. But I think what is very pleasing to me is that it may be more challenging, but we've been able to maintain our operating margins at 24% in this 12 month period. And that's after incurring the $11 million of Walmart transitional costs in 2008, which I'll talk more about shortly, and also because we are investing and are very much on track on our programme of investment in quality and innovation in CHEP USA. We've invested $25 million, of which $20 million is in operating cost in the 12 months. Even after both of those we've maintained our group margins at 24%, and I think that certainly does speak a lot about the strength of the underlying model.

In fact, pre the quality investment and pre Walmart, our operating profit would have been up 16% at actual exchange rates rather than up 12. Liz will talk more about this, but cash continues to be strong. But as you know we are looking at how do we invest for the future, and Craig's here today. You can ask him lots of questions about China and India, and we certainly do see those as two significant growth opportunities and we are continuing to invest across all parts of the business, but particularly in these emerging markets of China and India over the next few years.

Turning now to the Americas, it is a solid result and most importantly, I think a key feature of it is the significant wins that we've had in the business during the last 12 months. The economy, however, in the USA in particular is having some impact on volume. Overall, it is a tougher economic environment in the US, particularly in the last six months than we saw one year ago. However, we've still seen across the Americas business – so that's Canada, United States and Latin America, volume growth of 4%. Our reported volume growth in the USA was 2%.

However, one important point to make is that during the period we did lose a low margin non-FMCG customer that moved their business to whitewood, and that important point is that it's low margin and hence doesn't really affect our profitability. But it does, of course, affect our reported volumes. So in fact, adjusting for that pre that move of that customer, our volume growth would have been 4% in the period. And in fact, in the second half of the year – this is CHEP USA now we're talking about – our volume growth would have been a little more than 2.5% in the period in the second six months, and I think that's a much better indicator of what the real performance is of the USA business, albeit it in a tougher economic environment.

I guess we say this pretty much every year, but Canada and Latin America also continued to perform well. I was in Canada with Kevin a couple of weeks ago, and continued to be very impressed with the strength of their business model, and they have delivered a very good result in 2008.

As I said, a solid result but I think the real pleasing thing about the US business and the Americas generally is new wins. We've talked to the market when we released the June trading update about the win in Tyson Foods. This is the single largest customer win, certainly in the USA for many years, and I think when we look right across the Brambles network and right across CHEP, I think the largest that I've certainly seen in the period that I've been at Brambles. I think that will help – not just that one – but all the other wins that we've had also in terms of the pipeline – to underpin our delivery of growth in 2009 and beyond.

As you know, not just the USA but particularly the Americas business has had a great track record in delivering new business and growth over the past few years. So I think our confidence is still there in terms of the Americas, and particularly in the USA, notwithstanding the slower economy. I think the way I like to look at it and talk to our people about it is that whilst slower economic circumstances might mean that organic growth might be a little lower, what is most important for us as a business is to continue to focus on new business wins. Because what will actually happen is that the economies will recover.

I'm no economist, so I can't tell you exactly when, but when the economies do recover you'll see those organic growth rates pick up. And provided we've continued to have success in winning new business, we will exit these more challenging times with a much stronger business model and a much larger business than we even have today. Hence you'll hear a lot about from me and also from our operating managers, on the continued focus on growth, because I think that's very important for the future success of the business. And we have a very good track record in delivering on that.

Just a few comments now on Walmart. Kevin and I and particular in the US team, are working very closely with Walmart. In a number of senior meetings that Kevin and I have had with Walmart at the most senior levels in Walmart in the USA, we've made sure that we fully understand what Walmart are looking to achieve out of their change to the management of pallet flows within their network. And as I said a short while ago, our focus is very much on delivering supply chain solutions and frankly that's what our relationship with Walmart is all about. They're not a customer in the paying sense, they're not an [immediate] customer but they are a very important FMCG relationship for us, and hence our responsibility is to work with them to develop the best supply chain solution.

It's very important to focus on the best. It's not the quickest. Now, in June at the trading update we did expect that there would be a resolution shortly and a final agreement on what was the best solution overall for Walmart and their supply chain. It is taking longer. I wish it wasn't, but it is taking a bit longer, and that's because there are a number of moving parts to this and a number of parties involved, third party service providers, that will help between us and Walmart develop what will be the overall best supply chain solution, so it is taking a little longer.

Our objective though still remains that at the end of this that CHEP is broadly cost neutral on an ongoing basis. Now, I can't talk a lot about the detail of how we're going to get there, but we have done a lot of work with Walmart and the third party service providers over the last couple of months, and we remain confident that we will find the best solution soon.

In the case of transition costs though, as we put these new arrangements in place, we did incur some transition costs associated with the loss of whitewood revenue and higher transport costs. There was an $11 million impact of that in year end June 2008, which is in our results, and our estimate is that until agreement is reached and then we implement the solution over the next several months, that there may be incremental costs of approximately $30 million in the US business over that period.

But I think it is important to remember that we remain confident, despite the longer timeframe of a resolution that will deliver the best overall supply chain solution. And hence in all the meetings that Kevin and I have had with Walmart, I am very pleased that one, we have access to the most senior management within Walmart, which I think is a testimony to the quality of our relationship with them.

Just turning now to EMEA and let me deliver Tom Gorman's results for him, his report card in his first few months in the job. The way I think about Europe, Middle-East and Africa – and remember that previously we reported CHEP Europe, now it's Europe, Middle-East and Africa – is that it's a very much improved overall performance. We're seeing volume growth. In fact, volume in the whole region was up 4%, and the pipeline that I've seen, because I've spent a lot of time in Europe in recent months, is particularly strong. That pipeline is going to help us in FY09 and beyond, particularly in the important 1208 platform, which is the Continental European platform as distinct from 1210's in the UK, and especially in terms of the growth opportunities in Germany and in Poland.

And I think one of the pleasing aspects of what I've seen in the European business in the last few months, is that we're also now starting to see some success in the automotive container business. I'm sure Tom Gorman, given that he came from Ford, he'd probably claim all the credit for that. But in fact, I think there's been a lot of work going on in the European business to capture additional volume in this very important sector for us, and I think you should expect to hear more from us over the coming months of success in that sector.

When you look at the European Middle-East and Africa results, profits are up, sales are up of course as well, and our margins are up. And again, it's still in an environment where economically things are a little slower than they were, so I think this is a particularly pleasing result. Especially I'm very encouraged by what I've seen in terms of the pace of development, both in terms of the new management structure, the approach to winning new customers in Germany and in Poland and I'll talk more about that shortly. We are seeing continued pressure on the whitewood exchange business in Europe, so this is the competitive offering in effect versus CHEP. Lumber costs are high and they've stayed high. They haven't continued to rise but they've stayed high. As you know fuel costs generally have been high and volatile. The combination of those two things means that the CHEP value offering in Continental Europe for 1208's continues to be strong and strengthening, and I think that is helping us enormously in improving the quality of the sales pipeline, particularly in markets like Germany and Central and Eastern Europe.

Africa, which is now part of the EMEA, also performed well in its usual tough environment. [Uri Welm] is doing a great job in Africa and has continued to deliver a very good set of results. Liz will actually talk a little bit about the specific results for CHEP Europe, given that you're used to seeing those in the past so she'll cover that shortly.

Turning now to Asia-Pacific and I think the very good thing here is that Craig who's leading that group, has now got a full management team in place as well and the business overall is doing quite well. One of the major focuses in Asia-Pacific is around growth. It is about China. It is about India. But the thing that is very good is that we're also seeing Craig's management team even in Australia and New Zealand, targeting new areas for growth in what traditionally would be seen as a very well established market.

So far in China and India we have invested $52 million. The vast majority of that is in China, but you'll see us invest more money in India, and we'll do it on a prudent basis over the coming years, but I think we're very encouraged by the early progress that we've seen in both of those markets. The automotive sector – I talked about it in Europe – interestingly in Australia is declining and I think that's quite well known as to what's happening to the auto sector here. But within Asia-Pacific, what that is doing is opening up opportunities for expanding our automotive container business in China and in India, and there's a lot of domestic manufacturing happening there and planned to happen there. And I think also export growth from both of those markets over the coming years, so I think that will be a big focus over the next few years.

Turning now to recall, and I think the tag line here is that good organic growth, and in fact if you look at carton volume growth I think it's very good, 8% carton volume growth and that's in the document management solutions part of our business. It's the largest proportion of our business, and also the highest margin. However, we do have some work to do on costs, and…that's really in relation to North America and I'll come back to that shortly.

What is pleasing is that we are seeing customer wins in all regions of Recall, so that's in the Americas, it's in Europe, it's in Asia and it's in ANZ. In fact in Europe, Asia and ANZ, not only were sales strong in the 12 months, profits were as well. So we've got three of the four regions doing well.

Americas, however, okay on sales and they're top line growth is acceptable, I think I'd like to see more, but profit is disappointing. As you know we had some costs to address particularly in the second half and we've still got more work to do. We didn't quite get there in the second half, but I'm confident under Mikael Norin's leadership that we will now have, we do now have those plans in place to deliver that improvement in the Americas in 2009.

I think one of the things, when I look at the Recall business as compared to even 12 months or 18 months ago, I think there is a very strong focus now on discipline and on business excellence. For those of you who have been following the company over the last few years, that carton volume growth would have been 5% or 6% a few years ago. So I think it is very encouraging to see the progress that we're making there.

I spoke right at the start of today's presentation about the progress on growth initiatives and I think this is the area that I'm particularly very pleased with. When I addressed the market in August of last year I talked about significant growth opportunities in a number of areas and they were in the United States, in the food services sector, also in the US in beverages where our penetration levels both in food service and beverage were relatively low, big opportunity to expand our business in Germany, Central and Eastern Europe, and in particular in Poland, opportunity to further increase our business in China and to establish a business in India.

So there were six particularly important targets, if you like, and if you look at our results over the last 12 months, we've had significant wins and significant progress in every one of those six areas. I think that is very exciting I think and all goes well for the future success of the business.

So far we've invested in those initiatives $35 million so far and while that may seem like a relatively small amount, I think the fact that we're getting the wins without having to spend inordinate amounts of capital also speaks well for the future of the business. When I look at food service and Cisco advocacy in the US and Tyson Foods in the US or what Craig is doing in China and India, I think there is a sense of real progress and excitement within the business about what the future might look like. Of course there's more wins to come. I have no doubt that both China and India will be $100 million revenue businesses in the next five years or so. You can ask Craig all about that, how he's going to deliver that at the end of today.

Just a few comments quickly on investing for growth in the Americas. It has been a tougher year, but I think the new business wins certainly give me confidence about the future. We've had success in the non-carbonated beverages area in the US and also in alcohol where we are seeing some producers switching volume from Whitewood to the CHEP pooling offering. The success in Tyson Foods, but also followed up with the renewed Cisco advocacy agreement and that was very also late in the year and we're now seeing Cisco converting some of their supplies to the CHEP pooling offering. I think the prospects for us in the food service sector remain particularly strong.

We have seen in the year very good progress in the produce sector and actually talked a little bit about that at the trading update when we spoke to the market then. As I said, what is very important across all our businesses, but particularly the US, that it's critical that we maintain our focus on growth and on new business so that when organic growth recovers we are going to be very well placed for the future of the business.

In Europe, Middle East and Africa, and particularly in Europe, the growth has been focussed around Germany and in Poland in terms of geographic expansion. I was in Warsaw recently with the top 80 management in the whole of the European business and I have to say they are a very energised bunch of managers. They're very focussed on their new growth opportunities and hence why I think the pipeline is as strong as it is. It doesn't mean there won't be challenges along the way, but I think we're very optimistic about the future of growth there. So hence with the strength of the pipeline, very confident that that growth will come and auto is also a focus. There's not been a lot of focus in automotive in the last few years, but I think the recent wins that we've had in that sector are also encouraging.

In Asia-Pacific I think this is a particularly exciting opportunity. I need to get back to India. Craig spent some time in India and also China already in the early stage of his appointment, but there was a great deal of energy in Craig's team. As I said, it's not only around China and India, but also in growth opportunities in Australia and New Zealand.

The revenue in China and India, it's not significant yet but it will come. I think even in the last six months we've seen a significant increase in the number of new customer wins, particularly in China. We're now shipping pallets to our first customer in India and that happened very late in the year, in June, and a major focus in both of those markets on fast moving consumer goods, so pallets, and also on automotive and I think there is a big opportunity in automotive. We've already won and announced a contract in China with ChangAn Ford Mazda and doing trials with a number of other producers as well that gives us confidence that the outlook there is also good.

In China itself, in fast moving consumer goods and pallets, we've have wins in Tsing Tao Breweries, Nestle Waters in the period who also actually now are sending pallets downstream to distributors and of course that's where we will excel in terms of our pooling model over the longer term. We've also had a win with Asia-Pacific Breweries in the important China market also.

Turning now to quality and innovation in the United States, I think the good thing here is that our program of $100 million investment over two years is very much on track, that's the first thing. The second one is that the comments from customers are positive at this early stage and I think that is very encouraging. We are spending a little more, as you saw in the half, on operating expense rather than Capex. In total we spend $25 million in the year end June 2008 and given that the early customer perspectives are positive, when Kevin and I were with Nestle in the Americas a couple of weeks ago, they were particularly complimentary about the fact that they'd seen a visible improvement in the pallet quality.

I think one of the things, though, that we need to keep in mind is that customers will never be satisfied. Given their increasing needs for automation, they will always be looking for us to do more for them in terms of solutions and to do it faster. Our main focus in the year has been on implementing plant quality representatives at the service centres and ensuring that we repair a greater proportion of pallets to a higher standard to meet customer's automation needs. We're doing further refinement work on automated digital inspection which is going to be very important for the long term in delivering consistency in the quality of repair.

Of course the blue step pallets, some of you have seen the early prototype of the blue step pallet, will be launched later in 2009 and customer trials are already underway with that new platform which will result in lower damage rates for the business over the longer term.

If I can just close on supply chain solutions, before I hand over to Liz, LeanLogistics that we acquired some months ago is already very well integrated. Transport management solutions offering is already done and in place and being used by customers. Kevin's been leading an initiative on freight optimisation solutions as well and this is a solution that will allow our customers to be able to optimise their freight across not only their network but also other customer's networks and we're very well advanced on that offering and are confident of that launch during the course of 2009.

I think all the initial work that Kevin has done in developing that offering with the Lean team suggests that all of the initial work that we did on the significant opportunity in LeanLogistics has certainly been validated. Consequently I think Kevin and I are very optimistic about the future for that business, for developing broader supply chain solutions.

But we're not stopping there. There's a lot of other things we're doing and I think one that has particular application to CHEP is in radio frequency identification. There's been quite a bit of talk about this over a number of years and we're seeing increasing opportunities with our customers for developing what we call a track and trace solution, particularly in containers and particularly in the fruit and vegetable sector. If you think about the ability to track what's actually happening with produce from the grower all the way through refrigerated delivery to the store level and how long it sits on the floor of the store, through radio frequency identification there is a big opportunity for CHEP and CHEP has this visibility right through the supply chain.

Craig's team in Asia-Pacific is leading that initiative globally for CHEP and we are expanding our capabilities significantly in that space to see how we can develop RFID as a solution for customers.

Before I do hand over to Liz, just to recap, today is really around talking about, I think, good progress that we've made in the 2008 year, particularly the fact that we've had considerable success on the growth initiatives and I think that is an important underpinning for the longer term growth prospects. So I'll hand over to Liz to cover all the financials which I used to love doing and I'll be back to close with an outlook and then we'll all take your Q&A.

Liz Doherty: Thank you Mike and good morning everyone. I'm delighted to announce the 2008 results for Brambles. As Mike has already mentioned, our continuing operations, CHEP and Recall, have delivered solid growth in sales and operating profit in 2008. Sales at actual exchange rates rose 13% or 6% in constant currency, primarily driven by volume. In constant currency terms, comparable operating profit growth was 6%. Prior to investment in quality and the transition costs associated with Walmart, however, comparable operating profit actually rose by 9%. This was a good result, particularly given the marked slowdown in the US, UK and Euro-zone economies in the second half of the financial year.

Profit before tax fell marginally to $837.4 million because of higher net finance costs. These were $150 million compared to $60 million in the prior year and reflect the finalisation of the restructuring of Brambles, specifically the impact of the $1 billion cash alternative paid as part of the unification in December 2006 and $1.9 billion of share buyback subsequently.

Profit after tax has remained steady as we have offset the reduction in profit before tax with a fall in the effective tax rate from 32.9% to 30.2%. This was due to benefits of adjustments to deferred tax, from lower tax rates in Europe and recoupment of prior year losses in France. Earnings per share has increased strongly in both actual currency, 18%, and constant currency, 10%. This is due to a combination of profit growth and capital management initiatives. The weighted average number of ordinary shares used to derive the EPS calculation is $1409 million, a reduction of $139 million shares, or 9% from the prior year.

Cash flow generation remains strong although slightly below last year with the reductio primarily arising from capital investment to support growth. Return on capital investment has fallen marginally from 24.6% rounded to 25% down to 24.4% due to quality initiatives and LeanLogistics in CHEP Americas and investment in China and India in CHEP Asia-Pacific.

Brambles is reporting in line with the new reporting structure under which CHEP operations are now managed in three groups. CHEP Americas includes USA, Canada, Latin America, LeanLogistics and the global Catalyst and Chemical Containers business. CHEP EMEA comprises Europe, the Middle East and Africa and CHEP Asia-Pacific covers Australia, New Zealand, South East Asia, India and China. The Recall structure remains unchanged. Adjustments to historical segment data to reflect this new structure was set out in an announcement to the market on 24 July this year.

Total sales for the year were $4.4 billion, an increase of 6% in constant currency. It is pleasing to see all parts of the business contributing to this growth which represented record annual sales for all regions.

Overall, CHEP Americas continue to perform well with sales up 8%. The USA result however was impacted as Mike said, by both the loss of a large, low-margin customer, and a marked slowdown in the economy which resulted in reported volume for the second half being flat. Both Latin America and Canada performed strongly, delivering double digit growth.

CHEP EMEA increased sales by 4%. CHEP Europe growth was 3% and Africa was a strong 19% increase. CHEP Asia Pacific delivered solid sales growth, with China contributing $2 million of sales in the year as we build the foundations of our new business there. All regions contributed re record 7% growth and this was primarily volume driven. There were no sales from discontinued operations in FY08. The sales in 2007 reflect the sales in the divested businesses of Cleanaway UK and Asia in the first half of 2007.

Turning now to overall profitability. Operating profit for continuing operations was over $1 billion for the first time, an increase of 6% in constant currency terms. In absolute dollars CHEP Americas and EMEA were the main contributors to the growth. CHEP EMEA grew by 9% and CHEP Americas 5%. However, prior to the costs associated with quality initiatives in Walmart, the underlying profit in CHEP Americas actually grew by a healthy 12%.

While CHEP Asia Pacific comparable operating profit fell by 5%, this was due to the start up investments in China and India, as well as the implementation of new information systems in Australia and New Zealand during the year. The region is building foundations for strong future growth in new developing markets.

The overall Recall performance was disappointing, with operating profit falling in constant currency terms by 2% to $116 million. The Recall Americas profit was impacted by higher costs in North America. Although progress on costs was actually made in half two, this was less than expected. Turnaround plans are now in place and management are committed to delivering the necessary improvement in full year '09. All other regions of recall delivered good underlying operating profit growth. The savings at Brambles headquarters reflect the completion of the unification and the simplified operating structure.

In CHEP Americas volume and mix were the main contributors to the improved profit performance, with some benefit from price. CHEP USA was the main driver, accounting for 70% of the increase. This was in good part due to the acquisition of new customers. Latin America and Canada both contributed strongly to the volume growth.

Transportation costs increased slightly by $6 million, reflecting an increase in volume of relocations rather than rate. The transportation ratio remains steady at 21%.

Plant costs increased by $21 million. This reflected higher input costs and greater pallet returns as a result of the slowing economy. It also included a moderate sum associated with 12 new service centres, which will create a more efficient transport network.

As Mike has mentioned previously, CHEP USA has invested $25 million in quality initiatives in the year, of which $21 million impacted profit. These operating expenses included costs related to increasing the pallet repair specification, as well as those associated with Plant Quality Representatives located at service centres. As a consequence of both the quality and increased plant expenditure, the US plant cost ratio increased three percentage points to 27%.

The $11 million of non-recurring transition costs associated with Walmart reflects its decision to modify the management of pallet flows in its network in the USA. CHEP USA continues to manage its assets well as is demonstrated by the improvement in the control ratio to 99%. As a consequence, the irrecoverable pooling equipment provision expense was broadly in line with the previous year.

In CHEP EMEA, 4% growth in pallet issue volumes was a result of customer wins throughout the year. This drove much of the $37 million volume price mix variance. Within this CHEP Europe pallets accounted for $25 million.

Transportation costs were $14 million lower than last year. This was partially due to the one-off impact of non-recurring transport costs in 2007, arising from the closure of the Brentwood service centre in the UK. However, a significant part of the benefit has come from cost efficiencies, specifically plant network optimisation, transport auctions and improvements to transport planning. As a consequence, the transportation ratio fell by one percentage point to 22%. Plant costs have remained stable with increases in input costs being offset by plant efficiencies.

The irrecoverable pooling equipment provision expense is also broadly in line with the previous year. Adjusting the control ratio of 95% for the growth in activity, this represents a good performance. However, more improvement is required and there will continue to be focus on activities to drive improved asset management.

The variance in other costs reflects a $13 million profit on sale of a property in Madrid last year. And also the increase in depreciation expense as the equipment pool grows. Overheads in general have been very well controlled.

Now given that this is the first time we are reporting under the new structure, we thought it would be helpful for you to understand the former CHEP Europe results as you would have done in the past. However going forward we will just be reporting EMEA. For CHEP Europe sales revenue was $1535 million; up 12% actual exchange rates and 3% at constant currency. Comparable operating profit was $350 million; up 18% or 8% at constant currency. Operating margins were 23%; up one percentage point on the previous year.

Sales in Asia Pacific were up 5% on the prior year, with volumes driving much of the increase. CHEP China has won a number of customers during the year and contributed $2 million to sales. While it is still relatively small, we are pleased with the progress and the outlook for China remains positive.

Plant costs increased slightly due to the commissioning of a new plant in Australia. The increase in other costs as previously mentioned includes operating expenditure in India and China, the implementation of new information systems in Australia and New Zealand, and the costs associated with preparations for the new Woolworths RPC contract in full year '09. Profit growth will continue to be impacted for the near term as the region continues to invest in the strategic emerging markets of China and India.

Now looking at recall performance. There was good sales growth in all regions with Americas up 5%, Europe 10% and the rest of the world 7%. This was driven primarily by increases in volume with carton volumes up 8% over the year. In Americas, good progress was made in the Document Management Solutions Centre. Increasing activity with recently won customers such as Bank of America and Chevron will continue to add to future growth. The Secure Destruction Services sector also grew strongly, benefiting from the increase in paper prices.

In Europe double digit growth was achieved through strong volumes in Document Management Solutions, with significant customer wins in Finland, Sweden and Germany. Growth in the rest of the world was also achieved through organic growth in Document Management Solutions. Except for North America where there were issues in temporary labour, occupancy and transport costs, all recall regions delivered robust improvements on profitability. The focus on successful implementation of the turnaround initiatives in North America is critical for recall in 2009.

Cash flow from operations continues to remain strong at $810 million, although $28 million below the prior year, principally due to increased capital expenditure. Capital expenditure was up $221 million with currency movements contributing $53 million of the increase. We have continued to invest in the business buying new pallets to support growth, particularly in EMEA and Asia Pacific, as well as continuing to invest in new equipment to improve our processes.

The movement in working capital shows an improvement of $41 million compared with negative $9 million in 2007. This is mainly due to improvements in debtor collection in CHEP USA and Europe. Creditors have been managed in line with the growth in the business.

The cash outflow on special items of $149 million last year was largely due to the restructuring of Brambles and unification. This has reduced substantially this year as the restructuring has come to an end. The increase in financing and tax costs of $133 million reflects an $83 million increase in interest expense arising from higher average net debt in 2008 and an increase in tax paid of $50 million due to the final settlement of prior year tax liabilities.

Now looking in a little more detail at the capital expenditure by region, you can see that the majority increase is due to the CHEP EMEA and Asia-Pacific. CHEP EMEA's capital expenditure increased from $235 million to $366 million, largely reflecting the purchase of new pallets to support growth. Of the $131 million increase, $32 million relates to foreign exchange and $2 million for the purchase of timber plantations in Africa to secure lumber supplies. The remainder is largely attributable to pallets for future growth and the EMEA pallet pool has now increased by six million pallets to 532 million.

Despite the increase in capital investment, CHEP EMEA return on capital invested increased to just over 25%. CHEP Asia-Pacific are investing for future growth. The $54 million growth in capital expenditure reflects the establishment of the China pallet pool, the investment in equipment to support the [Walmart] contract and the investment in IT in Australia and New Zealand. It also includes $10 million on foreign exchange.

CHEP America's capital expenditure increased by $41 million to $359 million. Of this, $12 million relates to foreign exchange, $4 million to the investment and quality in the USA with the remainder in pallets to support growth, particularly in Latin America. Recourse capital expenditure was flat at $48 million.

Now looking at capital expenditure by asset type, $222 million of the total capital expenditure in 2008 was invested in non-pooling equipment such as quality recall containers, etc. The remaining $647 million was spent on pallets, approximately 40% of which was for growth and 60% of which was for replacing scraps, writeoffs and losses, both compensated and uncompensated. Overall, return on capital invested reduced marginally by 0.2% to 24.4%.

Brambles value added is the measure that ensures that we remain focused on creating value for shareholders. BVA was up $24 million to $516 million with CHEP EMEA driving the improvement. CHEP America remains the strongest contributor, but CHEP EMEA is becoming more significant, reflecting the growth in both profitability and asset efficiency. The decline in the Asia BVA reflects the investments in China and India. In recall, the additional costs in recall North America have reduced its contribution.

Tax is a major cost of any business and we continue to look to optimise return from our operations to realising the benefits of the various tax attributes available to us. Our effective tax rates continuing operations is down from 32.9% in 2007 to 30.2%, mainly due to the benefits of adjustments to deferred tax from lower statutory corporate tax rates in Germany and Italy and the recoupment of prior year losses in France. After adjusting for these non-recurring benefits the underlying effective tax rate was 33.1%. This is reduced from 34.1% due to lower tax rates particularly in Europe. We expect the underlying rates of financial year ’09 to be similar to FYO8.

I would like to take you through some of our key financial ratios. Brambles’ net debt at 30 June was $2.4 billion up from $2 billion at June 2007. The majority of that increase was due to the acquisition of 42.4 million Brambles shares at a cost of $392 million through the on-market share buyback.

Net finance costs were $150 million compared to $60 million last year due to the higher average net debt levels. Average net debt was $2.2 billion compared to $900 million last year and this was primarily due to the restructuring of Brambles and, in particular, the $1 billion impact of the cash alternative paid in December 2006 as part of unification and the $1.9 billion of buybacks since then.

Net debt to EBITDA is at 1.6 times compared to 1.5 times last year and gearing is at 61.1%. Our key financial coverage ratios are well within our covenant and reflect the continued strength of our balance sheet.

Finally, before I hand back to Mike, I would like to take you through our credit facilities and liquidity position. Gross debt at the end of June was $2.5 billion. We currently have committed facilities in place of $4.1 billion. Since November 2007 we have refinanced $468 million of which $158 million is actually post the balance sheet date.

These largely replace the $500 million of facilities which will mature in November 2008. Thereafter, no debt requires refinancing before November 2010 when approximately $3 billion of the facilities will mature.

Given Brambles' commitment to investment in profitable growth as well as the prudence of retaining a strong balance sheet in current market conditions, Brambles' current on-market buyback program has been suspended with effect from today. Assessment of further capital management initiatives will be made within an appropriate time in the future. Now, back to Mike for the 2009 outlook.

Michael Ihlein: Thanks very much Liz. I guess, the take-away from the results that Liz has presented in terms of financials is that I would describe it as a solid set of results in what clearly has been a tougher environment. So, as a consequence, we're quite pleased with where we finished in 2008 but obviously more to do.

Good cash flow has been a hallmark of our business for some years now and I think you've seen that again in 2008. Our strong balance sheet, all of which positions us very well I think for the future.

In terms of 2009 our expectation is for another year of sales and profit growth in Brambles. We would expect sales revenue to be up in all four business units of CHEP Americas, EMEA, Asia Pacific and in Recall. Profits we would expect to be up in all of those business units as well with the exception of Asia Pacific but only because we will continue our investment in the significant emerging markets of China and India during the course of 2009 and, of course, beyond.

We have made excellent progress on the growth initiatives but those six or so growth initiatives are a long list of things that we need to do and we've got more work to do even in those six, as you know. The fact that we've had considerable success already I think gives me confidence about the future and having spent two full days with our senior management team looking at prospects for the future and how do we build a business capable of delivering accelerated growth? I'm confident that there is a lot more other opportunities also for us to capitalise on in 2009 and beyond.

Of course, the majority of our business is in fast moving consumer goods and, as you know, that sector is typically less volatile but we also recognise that in the challenging environments that exist in some markets today, that that can have an impact on short-term organic growth. Hence, why the growth on new initiatives is particularly important and new business wins and our resolve and our focus on that and, indeed building on the success we've already had, I think gives us a lot of confidence about the future.

We will find the right supply chain solution for Walmart. I'm confident about that. There is a lot of effort going into developing the right solution that would be best for them, for their suppliers and hence our customers and for CHEP overall. When I look at the total position that we've delivered in 2008 and the opportunities we see, not only in the near term but also in the longer term, I think Brambles is particularly well positioned to continue to deliver on our growth in the medium to long term.

With that, I think I might ask Kevin and Craig to join us up here so you can ask them all the hard questions and Michael Roberts is going to moderate the questions and I think we have questions from the floor of course, we have on the phone and also on the web. So Michael is going to hone his skills on communication and technology and all those so if I can just pass over to Michael.

Michael Roberts: Thanks, Mike. As Mike said we got the three mediums for asking questions. Could I ask the questions in the room if you wouldn't mind announcing your name and organisation. On the web and the phone I can see your names. So we've got first question over here. Thanks.

Question: (Philip Wensley, Morgan Stanley) Just looking at the second half margins and comparing those to the first half, particularly with respect to CHEP Americas and then across all geographies and all divisions versus last year, all the margins there seem to be down. How much of that is related to the economic conditions and how much of that can you attribute perhaps to new contract wins being done at lower margins?

Craig van der Laan: Maybe if I can start with that and the operating guys can comment as well. In terms of new contract wins at lower margins, no that is not the case. It doesn't mean that every new piece of business that we win is at the same margin but generally speaking, our focus is on winning profitable new business. Of course, in the case of the Americas, we are investing or did invest in the period $25 million total but $21 million in P & L plus also $11 million in the transition cost. So that's a significant driver obviously to margin impact in the USA business and hence in the Americas.

I think in our ability to control costs, I think one of the things that is pleasing, that gives me confidence is out ability to maintain our margin is that if you look at transportation costs, and a lot of talk about fuel is that if you look right across our business, transportation costs as a percent of revenue are broadly the same. In fact in Europe, they are down a bit but generally speaking right across the globe, they are broadly the same.

Is it a more competitive environment? Is it a tougher economic environment? Yes, it is. So as a consequence what we are not doing and you've seen this, Phil, in our business for the last two or three years, we don't take significant amounts of price.

Let's talk about how much price it was contributing and shall we have cost increases in our business, they are not dramatic but our objective is to make sure that we deliver improvements in our efficiencies to cover those, not to simply turn around and pass those costs on.

So I've seen a lot of talk from a lot of FMCG companies around the world that they are delivering, either maintaining their results or improving their profits. But in many cases though that's been because of significant price increases and that's not been a factor of our business here.

Liz Doherty: If I can just add one bit on CHEP EMEA. If you remember at the first half of the year, we actually said that the reported figures for CHEP EMEA had been slightly flattered by the fact that we had this non-recurring cost, transport cost in the prior year in transport related to the Brentwood closure.

If you also recall, we did warn you that at the second half of the year, you get the reverse thing happening because we have the profit and sales of the Madrid which happened in 2007 which was not reported, which wouldn't be repeated this year. If we skip both those items out of CHEP EMEA, you will find that actually profit growth was pretty much the same and margins are pretty much flat over the period.

CHEP Asia Pacific relates to the back ending loading of the investment in China and India and recall although in a profit growth year on year then the second half was lower, in margin terms it is actually up slightly.

Question: (Cassandra Meagher, CommSec Equities Research) Just a question on your growth strategy. Last year, you outlined that you spend approximately $750 million over three years to achieve annualised sales of $600 million. Are you still anticipating spending this amount of money and achieving this amount of sales, given the potential flowing economic environment?

Michael Ihlein: When we spoke to the market about that, that was really in relation to longer term growth opportunities and in fact what we announced to the market at the time is the opportunities to spend up to, invest up to $750 million. I think if we identify opportunities to continue to do that, we will certainly be prepared to take advantage of those opportunities.

We also did point out at the time though that that investment was going to be fairly binary in the sense that we talked about or if we had the opportunity to buy a beverage pallet pool in the United States for example, that's a more complicated investment case to put together and to convince a customer to move. If you can convince them, yes, and it made economic sense for us, we would look in to do that and we're still looking at those sorts of options, because it's binary in the sense though that if it doesn't stack up for us economically or the customer is not interested to do that, you don't spend the capital. So it's always possible that we could get to the end of this three year period and that amount of investment could be significantly less than the $750 million. In fact, it's considerably less obviously in this half but that's a good thing, because we've had wins on a lot of these growth areas, but not had to deploy so far significant capital. But if we can find the right opportunities that are delivering economic benefit, we will still be focused on that.

Question: (Tim [Smeely], Citi) Three questions I just wanted to cover. Firstly, looking at Walmart, you suggested the loss of the whitewood pallet sales were essentially a one-off item. Does that mean you're expecting that revenue source to reoccur beyond '09?

Secondly, you mentioned looking at China and India as $100 million businesses. Maybe if you could just give us some colour around that. Is that top line? Is that what you think each of those respective business units are worth in the short term?

And then thirdly, the suspension of the buy-back. I guess we can draw I guess two conclusions from that. Either that we've got some substantial Capex in the wind and the board is trying to conserve the balance sheet settings. Or the board is concerned about the economic outlook for the business and wants to conserve cash. If you could give us some colour on that.

Michael Ihlein: Okay, just so I can share this around. I'm happy to deal with Walmart whitewood just initially and with a comment from Kevin. No, we do not expect that revenue from whitewood sales out of Walmart [DCs] will be a future feature to our benefit for arrangements, ongoing arrangements. However, we have said that our objective remains to be ongoing cost neutral. So of course if you don't have the whitewood revenue, it's not actually rocket scientists to figure out that the arrangements we are considering and looking over time to put in place, that there are benefits elsewhere in the arrangements. So whitewood is pretty clear. I mean that is a matter for Walmart and those pallets are within their system. And from now on, that's really up to them; they get the benefit of that.

Kevin Schuba: I mean the only other piece is that one of the reasons why it's taken long is we continue to work through what the best solution is. And that is one of the areas that we are actively working on, is to determine how we can offset that piece.

Michael Ihlein: Craig, China and India, do you want to have a talk about that?

Craig van der Laan: The opportunity for us in both China and India is enormous. We're extremely excited about what we're seeing there. I think we possibly came a little bit late to the table in China, but we've ramped up very rapidly. We have over 100 customers in China now and we're moving very quickly; so all the signs are very positive there for a very speed curve for China.

Mike has indicated $100 million business; I assume he meant revenue, within five or so years I think you said Mike. I suspect the budget discussions will be somewhat different, but we'll certainly sign up to that and I think there's every sign that we will be able to win business in that market at the right sort of margins.

India of course is a more recent entry for us. We decided to enter India just before Christmas last year, and I think it's remarkable that within the six months we were able to get on the ground and have our first issues to customers in June. We have a team of over 30 people on the ground there now and we're working very, very hard with both emitters and manufacturers, all of whom are very enthusiastic about our presence in India, and obviously retailers as well who are dominated by Indian retailers. It's not possible for the large multi-national retailers to operate in the retail space at the moment, are very enthusiastic about our presence there.

So we're working very quickly there, got our skates on and again, I think there's every sign that we will be able to develop a very substantial business there in a reasonable period of time.

Liz Doherty: We've actually spent an awful lot of money in capital initiatives over the last few years; I think we've spent more than $3.8 billion since 2005 and $2.9 billion since December 2006. And I don't think you can read anything into our desire, other than a desire to be prudent at the moment.

I mean you can all see the current financial situation out there with banks, liquidity, etc. I don't think you can suggest anything about our capital other than a desire for us to be prudent.

We take a look at things. We said we're suspending it for the time being, we'll look at it as things move along and make decisions as and when appropriate.

Craig van der Laan: I think the nice thing Tim about our business is that in terms of debt facilities, we are very placed in terms of our existing facilities. We've got plenty of capacity to continue to capture the growth initiatives that we're talking about. Obviously if there was a major opportunity come along it might be a different story, but I'm just talking about focusing on what I'll call organic and the same business geographic expansion that we targeted. And this is only a question of being prudent in these current times.

Question: (Simon Mitchell, UBS) Hi, just three questions if I could. The first, the $11 million of extra costs in the US related to Walmart, I mean what exactly are those extra transport costs? Is that having to move more pallets back to your service centres for inspection? The second question is, the $30 million estimate for additional costs in 2009, what period of the year have you worked that on and you have assumed, for example, the Walmart contract or arrangement to get concluded in the middle of the year?

Secondly, the $100 million of quality initiatives, do we now assume there is around $30 million extra to come through in 2009 on the basis of their being about $20 million being spent in 2008?

Speaker: Kevin do you want to talk about Walmart in terms of where the costs come from in '08 and I'll get some more general comment around the $30 million.

Kevin Shuba: In a way the costs are primarily in two areas. One is loss of whitewood obviously and the second one was in moving those pallets from the Walmart service centres to our own service centres. So that's primarily where the two costs are broken down. The $30 million is our best estimate based on the progress that we've made and in the discussions with them around getting an agreement here quickly and those costs would be obviously assumed over a several month period as we move through the transition period.

Primarily on quality, we have found that when we roll the quality initiative out in the second half of the year, that we got our quickest bang for our buck with our customers from the standard Opex which is primarily been putting the plant quality reps in and improving repair capacity within the network. We have 59 or 57, excuse me, in place now. We're going to go to 80. So we're continually monitoring what that spend is between Opex and

Capex but we believe that we'll spend more because we're getting a quicker bang for our buck on the Opex side.

Craig van der Laan: Just in terms of the, without giving a forecast, the program is a two year program, $100 million which was started six months ago, basically. So I think it's reasonable to expect that in a full year 08/09 we will spend more in absolute dollars than we spent in 2008 which is six months worth. So as Kevin said, Simon, I think we'll be watching, monitoring pretty carefully what is the right balance between Opex and Capex to be able to deliver the best outcome for our customers in the quickest way possible.

Question: (Simon Mitchell, UBS) Okay, so just on the Walmart costs of $30 million. If the negotiations do drag on more than you would have expected, then that has the potential to increase significantly. Is that correct?

Craig van der Laan: Oh we'd rather be drawn on whether or not it'll be higher, I think this is our best estimate at this stage, Simon, and we do have a confidence level that we will be able to develop a solution that will suit Walmart and suit us and based on that confidence level which is our best estimate of the costs, I don't think it would be prudent to think that whether it's this item or indeed any other aspect of our business, if we were facing significant incremental costs, we'd really just sit by and let significant incremental costs go unattended. But this is purely and simply our best estimate at this stage.

Question: (Simon Mitchell, UBS) Okay, thanks.

Speaker: While we're just on Walmart, there's a question on the web here about what is the effect of Walmart on other distributors in CHEP USA.

Kevin Shuba: Yeah, at this point we have seen no other changes in our relationships with other distributor customers.

Question: (Cameron McDonald, Deutsche Bank) Yeah, just the a following question on those transport costs, you indicated then that they were being incurred because you had to move the pallets from the

Walmart centres to your own service centres. Is that going to be part of the ongoing solution, that you no longer have - your operation's embedded within the Walmart operation?

Michael Ihlein: I really can't comment on what the arrangement will end up looking like because we're still developing that with Walmart. There were certainly these increased costs and we did move more pallets from Walmart DC in the months of May and June back to our own repair facilities, but the encouraging thing is that I think that today we actually have quality sorts of our pallets actually being undertaken in our Walmart facilities and pallets being reissued out of Walmart facilities to our existing customers. That was not the case in May and June, but that is the case today. But beyond that, I guess you'll see all the arrangements when we come to Walmart when we announce them.

Question: (Cameron McDonald, Deutsche Bank) Okay and just a secondary question, you indicated that in the CHEP Americas that you're underlying growth was sort of 2% but if you added back the Whitewood contract loss, that it would be higher than that. Can you just articulate what the growth would be excluding any contract wins that you've actually had during the year?

Michael Ihlein: I don't think it would be appropriate for me to break down the precise numbers other than it would still be for the full year excluding the, or before the impact of the loss of this FMCG customer our growth would have been something more than 4%. As a consequence of that organic growth would have been low single digits obviously sort of 1% or 2%. I think that's why we're indicating to people that I think when you look at the second half performance for the business overall the total growth, including some new business wins, but remembering a lot of the big new business wins we did not get until very late in the year like Tyson. That was very late in the year so the overall growth would have been something more than 2.5% in the second half. This in CHEP USA I'm talking about.

I don't really think it's appropriate to try to look at the business on a six month period or one particular 12 month period trying to pull out what would have happened if you didn't win the new business because new business wins have been such a fundamental part of the growth of our business in the last few years.

Question: (Unidentified) Just a final question on the RFID initiative. Is that just to track the pallet or will that also take into account the goods being transported on that pallet?

Michael Ihlein: The RFID comment that I made, I think the biggest short-term opportunities are probably not actually in pallets. We're doing a lot of RFID work in Recall and that's been well established for a while but in CHEP it's actually in containers so it's the RPC [unclear] plastic crates. I used the example of food and vegetable, I think that's where there is a significant opportunity.

We have already an RFID offering in pallets. Its penetration, not just with us but I think generally speaking around the world, is fairly low. When we developed our pallet pool in China we made sure that those pallets were RFID enabled so that we can catch a future opportunity.

The one I talked about this morning, the biggest short-term opportunity is actually in fruit and vegetable RPCs.

Question: (unidentified) Will that capture what is actually on the RPC or in the RPC? Does it capture what the product actually is?

Speaker: Yes, that's correct.

Question: (Matt Crowe, JPMorgan) Mike or Kevin, I understand the urgency of resolving the Walmart issue from CHEP's point of view but what confidence do we have that Walmart are similarly urgent to resolve this? Because it seems that the longer it drags on the more it's going to cost you. Is it costing them a similar amount?

Michael Ihlein: The only comment I'll make about that, Matt, is that particularly now having met with the senior management of Walmart USA, at the most senior level they are very focused on making sure that in no way do we end up adding cost to the supply chain if it can at all be avoided. You see that as a very important principle of the way they do business so I am absolutely sure that they have a sense of urgency around getting a resolution to this. They're much bigger than us, of course, but we are a very important part of their supply chain and I think they do see a strong urgency to come to a best supply chain solution that's agreeable to them and to us. I don't have any question about that at all.

Question: (Matt Crowe, JPMorgan) Secondly, could you tell us the split between - in both the $11 million this year and the $30 billion next year between lost revenue from white wood and transport costs? Roughly?

Michael Ihlein: I don't think it would be appropriate for us to look at that because if you remember the initial discussions we had at the time of announcing Walmart the white wood revenue creates a lot of attention, of course. The only reason white wood revenue is a relevant piece of this whole puzzle is because that's the way, in effect, we looked at covering costs within the total Walmart TPM solution. Frankly, in a way, we don't really care whether we get the white wood revenue or not provided that there are other ways to extract cost savings. I think to talk about whether this amount of dollars or another amount of dollars, I'm not sure that that's relevant. We really look at it as the total bucket as to revenue and cost and what the net impact is.

Question: (Anthony [Muldern]) Just a couple of questions, as I'm allowed, Michael. The first is Walmart. You talked about having a very strong relationship with Walmart at the senior executive level. You've talked about how important it is for Walmart not to add cost to their supply chain. Are you surprised in the way in which they've gone about this process given that they've made the announcement and now you're in the process of discussion as to how it works for both parties?

Michael Ihlein: I am pleased about the access we have to senior management in Walmart and hence why I'm confident that we'll get a resolution here. It would be good for them and good for us. Has it taken longer? Yes it has, but it's taken longer I don't think because they are trying to be difficult at all or us trying to be difficult. It is taking longer because there are a number of moving parts to this, including a number of third party service providers that we think are important to developing the best overall solution. The second you have more than two parties involved, it adds time and adds a level of complexity.

Would I prefer there to have been a solution developed a month or two ago? Absolutely, and I think the market would have as well. But it is very important that we get the best solution here, not necessarily the quickest that will then cause us a problem down the track.

Question: (Anthony [Muldern]) The Capex level as announced today, I think Liz talked about a split between growth and maintenance 40/60. [Unclear] the growth Capex, I think that's a very good idea, but 60% of the Capex level just as a stand still effectively replacement, that seems high given a) your depreciation policy but also the loss provisioning staying flat for year on year, the control ratios also not declining year on year. How should I be looking at that replacement Capex, and how much of that is loss that you'll incur throughout the year?

Liz Doherty: Anthony, I think it's quite simple. The 60% roughly equates to 9% growth of the pallet pool. By the time you take into account the compensations that we get, which are proceeds of sales that appear on a different part of the P & L, it comes down to a net loss of about 5%, 4-5%, which is completely in line with what we've actually said in previous years, so I don't think you can read anything to it. I've just given more transparency this year as a request of some of our analysts earlier.

Question: (Anthony [Muldern]) Yeah, I appreciate that but 5% doesn't seem like a lot, which means maybe the investment that you need to make to stand still in the pallet pool is a lot more, because I think you've spent in Europe $365 million, you've got an extra six million pallets. It doesn't seem a lot as far as the investment that you're making. I know we've talked about audits in the past as far as discrepancies on the number of pallets and through audits. But it just seems a lot of money to invest for not a lot of additional pallets.

Michael Ihlein: Anthony, I think one of the things that we have talked quite an extensive amount about, certainly in the last couple of years, is that typically our net economic loss in the pool would usually be around 4-5% or 3-5% depending on which country you're in. And Europe we do have a higher loss experience as you know, because we've got a control ratio of 95 and hence our effective loss provisioning is higher in Europe. But it's also improved dramatically from levels of – before I joined the company – but back in the bad old days it was sort of well below 90%.

And I think we've done a lot to improve asset management within the pool, and I think distributable loss responsibility, we've had some success in Europe, continues to be part of the focus and the solution over a longer term. And you just look at the control ratio that we're getting now in the United States as a perfect example, I think. I think we have done a fantastic job – well not we – Kevin and his team have done a fantastic job on the asset management. This is no different guidance from what we've had before.

Question: Mike, in the last couple of years there's been very material provisions taken in Recall versus the profit that the business actually makes. I presume with the current year P & L would be experiencing the benefits of those provisions, yet the profits are still going backwards. How significant are the issues that are in Recall, and how confident are you that this is an ongoing restructuring that's required in that business, will sort of move that business to a sustainably higher profit generation for the group?

Liz Doherty: I think there are two things on this one. First of all, we've got good growth for this top line growth going on, and that's actually good for us. Secondly, all regions except North America have good strong underlying operating profit growth so that's good news, and I think that's an improvement from previous years. Yet North America was a problem – we said it. The good news in one sense is that the costs are actually manageable. They were to do with temporary labour transport and occupancy costs. We've strengthened management there. We have new plans in place. Some of those issues have actually largely been resolved, the temporary labour's largely been resolved, and we are quite confident – so far confident that the turnaround plans will actually deliver the improvement that's required.

Question: (Phillip Hopkins, The Age) There's just a bit of confusion about the actual – your profits for the financial year, and particularly the profit where it did decline by 50% in relation to the sale of Cleanaway UK and Asia businesses. Can you extrapolate on all that a little bit?

Michael Ihlein: Let me just do that Phil. The reason the results are not directly comparable is because you would know that Brambles underwent a major restructuring over the last couple of years and we did divest all of our Cleanaway and industrial services operations. We also divested those businesses at very significant profits, going on sales of those assets. And of course they all happened in the previous year and the year before that, so of course last year's results, which were fully disclosed, were floated by the significant gains on disposals of those assets. Of course we don't have those this year, because we're back to a clean business of CHEP and Recall.

I saw one of the headlines from one of the reporters this morning, that talked about profits being down substantially. That's not an appropriate comparison, because of the huge gains on asset disposals we had last year. In fact, our overall results for the year – our operating profit as you know was up 12%, and our profit for the year was flat. It was flat because we've undertaken very significant buy-backs of shares in the last 12-18 months as well, which have helped on our overall earnings per share outcome.

Question: (Michael Shaw, Macquarie) Just two questions. Firstly on the Americas business, perhaps Kevin, we'd just like to get some more colour on the increased plant cost ratio. You've spoken about Walmart and quality initiatives aside. Perhaps you can give us some more colour on the higher pallet returns associated with the economic slowdown, and whether that would be expected to continue if you continue to have sort of single digit, low single digit organic growth in '09?

And then secondly on the Asia-Pac business, just with respect to the ongoing startup costs in China and India. Can you maybe give us an idea as to what magnitude they would be in, in FY09?

Kevin Shuba: On the US plant costs, primarily we're driven by the fact that we added new nodes in the network. So as a part of our optimisation to drive transport costs down, that's one of the areas that we address when we look at fuel, is to add more notes to the network. So those costs are primarily being driven by the fact that we've added more plants into the network, so that's where that came from.

On the returns, we did see greater returns with the economic slowdown, but primarily one of the other big drivers in the control ratio is the fact that we have improved our asset recovery, so going out into the marketplace to gave pallets. I'm not an economist so I don't know what's going to happen with the United States this year, but I can state that right now it's challenging times right now.

Michael Ihlein: I think the request actually bordered on asking me for a forecast of the profit impact for FY09 from the startup in China and India, which obviously I'm not going to answer. But what I would say to you is that we do have a substantial team on the ground already in China and in India, and we are getting very good traction with customers. We will be pushing that business as hard as we can, so in a sense we do have the overheads in the business. They will expand somewhat, but not significantly in an overall Brambles or Asia-Pacific sense, I would have thought. But the real key is to drive the top line for us, is to drive the growth, the opportunities with customers as quickly as we can and that's our main focus, and I would have thought it's a very positive possible outcome for us.

Question: (Paul Ryan) Two things. One just on your comment on CHEP Americas showing profit growth in '09. I'm just trying to reconcile that when we've got something between a 30 – we'd call it around about a $30 million increase given the Walmart and quality investment headwinds, and as Kevin's described it, a tough operating environment. Are you really confident about that or are you talking about a different basis excluding those numbers?

Michael Ihlein: We've given you our best estimate as to what the impact will be of Walmart, and still continue to be confident that we will deliver an improvement. The way though I think you should be looking at the business though – and this is separate from our broader outlook on the profitability for the business – but on an ongoing basis I think you should be thinking about the Walmart costs as non-recurring in nature. We'd rather not have them but they are incremental costs that we will have, but the way I'm looking at the underlying performance of the business is prior to those costs, in terms of an ongoing business. Our objective obviously and Kevin's job with the USA team, is how do we best manage our cost structure in what is clearly a more challenging environment.

Question: Just on the quality initiative in the US and the increase in the pallet spec, how does that pallet spec compare to your operations elsewhere in the world, and how confident can we be that we're not going to see a similar initiative required elsewhere?

Michael Ihlein: I can talk about this, while Kevin can talk about the Americas.

Kevin Shuba: Essentially what we're doing in the US is to meet the ongoing increased requirements from our customers. We're going through and upgrading the pool. It is improving what we deliver to our customers right now.

Michael Ihlein:	I think it's different depending on where you are in the world Paul, whether you're talking about Asia-Pacific or Europe, you're talking about Eastern Europe as compared to the UK. The UK is an exchange pool as you know. That's a lower quality pallet, because it's an exchange quality pallet so it's a lower price. So if I was to compare a 48 by 40 pallet in the US compared to a 12/10 exchange pallet in the UK, the 12/10 exchange pallet will look lower quality. There's a very good reason for that; because it is exchange and it's probably 20% effectively cheaper than a one way trip. So I don't think you can draw the same comparisons. I think there are high levels of automation in our Americas business from our customers that is really driving this requirement.
Question:	(Denny Thomas, Reuters) Just to clarify the revenue target for China and India or the indicated figure that you gave for the five year period. Was it an Aussie dollar figure or an US dollar figure?
Speaker:	Sorry, didn't quite catch that. Could you just repeat that?
Question:	(Denny Thomas, Reuters) Yeah. You give an indicated figure of how much your China and India revenue will be over the next five years. Is that an Aussie dollar figure or a...
Michael Ihlein:	I think a few weeks ago it would have been one and the same. It's now changed quite a bit. It's a US dollar comment. All the numbers that we talk about apart from our Aussie dollar dividend are all US dollars.
Question:	(Denny Thomas, Reuters) How much do you plan to invest in those two countries over the period of five years?
Michael Ihlein:	I don't think it's appropriate for us to give a forecast. We've invested as I said $52 million so far and that's relatively modest compared to our total capital spend. We'll invest as fast as we think is necessary for us to be able to drive profitable growth over the longer term, but it wouldn't be appropriate to give a forecast.

Speaker: [Rhett] Kessler has got a question online but I think we can get back to you. It's pretty simple Rhett and also Anthony [Mulder], so I think given the time constraints we should call it quits there. Thank you for your attendance here today and if there are any follow up questions, please come through to me. We'll speak to you soon. Thank you.