Brambles

Annual Report 2014

one

one business
one team

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CONTENTS

Brambles Limited
ABN 89 118 896 021

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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 pooling of unit-load equipment and the provision of associated services, focussing on the outsourced management of returnable pallets, crates and containers. Brambles predominantly serves the consumer goods, dry grocery, fresh food, retail and general manufacturing industries. In addition, the Group has specialist businesses serving the automotive manufacturing, aerospace and refining sectors.

FORWARD-LOOKING STATEMENTS

Certain statements made in this report are “forward-looking statements” – that is, statements related to future, not past, events. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but rather are based on Brambles’ current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or events occurring after the date of this report, except as may be required by law or by any appropriate regulatory authority.

LETTER FROM THE CHAIRMAN & THE CEO

Brambles' CEO Tom Gorman (L) and Chairman Graham Kraehe AO (R)

20 August 2014

The theme of Brambles' 2014 Annual Report is One Business, One Team. This reflects our journey from an industrial conglomerate to becoming a logistics services company focused on our leading global positon as a pooler of unit-load equipment to some of the world's most important supply chains.

Over the past 15 years, this journey has included the merger with the support services arm of GKN in 2001; the sale of Cleanaway, Brambles Industrial Services and other non-core businesses over 2005 and 2006; the Unification of our dual-listed companies structure in 2006 and subsequent return of US$3.7 billion to shareholders; a number of strategic acquisitions, most notable that of IFCO Systems in 2011; and the demerger of the Recall information management business in December 2013.

We have built unrivalled expertise and customer relationships in equipment pooling since we acquired the Commonwealth Handling Equipment Pool (CHEP) from the Australian Government in 1958. Today, we are proud to own and operate more than 470 million pallets, crates and containers on behalf of customers that include some of the world's leading companies, in more than 50 countries. We believe we have a unique and sustainable advantage, from which we can continue to pursue compelling growth opportunities, which will continue to drive superior economic returns for shareholders.

2014 RESULT

Our 2014 result, on a constant-currency[1] basis, comprised a 7% increase in sales revenue to US$5.4 billion, a 6% increase in Underlying Profit[2] to US$960 million and Return on Capital Invested[3] of 16.3%. Dividends for the year of 27.0 Australian cents per share were in line with FY13, reflecting the Board's stated intention not to reduce dividends after the Recall demerger. (Full details of our dividends are available on Page 5.)

Over the 2014 financial year (FY14), Brambles' delivered total shareholder return[4] of 24%, compared with 20% for the benchmark S&P/ASX200 Index and 19% for the S&P/ASX200 Industrials Index. Over the five years to the end of FY14, Brambles' total shareholder return has been 122%, compared with 73% for the benchmark S&P/ASX200 Index and 65% for the S&P/ASX200 Industrials Index.

STRATEGY & OBJECTIVES

Today – by focusing on our unique capabilities and acting as one business, one team – we are seeking to optimise our position and more effectively leverage our global scale and experience to drive the next stage of growth and value creation. Our communication of five-year financial performance objectives reflects our confidence in the future. Subject to unforeseen circumstances[5], we are targeting annual sales revenue growth in the high single digits and consistent incremental improvement in Return on Capital Invested to at least 20% by FY19[6]. More detail of our strategy to achieve these objectives, including our Strategy Scorecard, is set out in the Operating & Financial Review on Pages 3 to 15.

To support these objectives, and in line with our One Business ethos, is the One Better cost leadership program to reduce our annual overhead costs by US$100 million by FY19. These savings will be invested in serving our customers better, maintaining our competitive position and improving returns for our shareholders. The program emphasises being "better for the customer" through improving our customer value proposition; "better for our business" through optimising global functions; and "better buying" through organising our procurement activities to reflect our global scale.

BOARD RENEWAL

Against the backdrop of our confidence in our strategy, Brambles announced that Graham Kraehe will step down from the Board in September 2014 after six years as Chairman, having first joined as a Non-Executive Director in 2000. Following a considered succession planning process, the Board has elected Stephen Johns as Graham's successor, an appointment that represents continuity and stability. Stephen has exceptional experience and expertise. He is a former Director of Westfield, with which he had a long and distinguished career, and a former Chairman of Leighton Holdings and Spark Infrastructure. He has been a Brambles Non-Executive Director for 10 years, over which time he has developed a deep knowledge of the Group and made a major contribution to the Board.

Two new Directors were appointed in 2014: Christine Cross and Brian Long, who replaced Luke Mayhew and Brian Schwartz, each of whom retired having made extremely valuable contributions. Ms Cross and Mr Long bring outstanding experience in retail and finance respectively, in effect replacing the skills of Mr Mayhew and Mr Schwartz – and ensuring the continuation of a strong Board skills mix. Details of the skills matrix we use to assess Board composition are set out in the Corporate Governance Statement on Page 22.

OUTLOOK

We are confident of delivering progress in line with our five-year plan in FY15, with constant-currency percentage sales revenue expected in the high single digits and a further improvement in Return on Capital Invested. We have forecast Underlying Profit of US$1,030 million to US$1,060 million, at 30 June 2014 foreign exchange rates, representing growth of 7% to 10%.

We wish to thank our customers, our shareholders and Brambles' 14,000 employees – as well as the Company's management team and our fellow directors – as we look to the Year ahead.

Graham Kraehe AO
Chairman

Tom Gorman
Chief Executive Officer

[1] Calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.
[2] Profit from continuing operations before finance costs, tax and Significant Items.
[3] Underlying Profit divided by Average Capital Invested.
[4] All data sourced from Bloomberg. Total shareholder return reflects share price movements and reinvestment of dividends and continued ownership of Recall shares from demerger.
[5] See Disclaimer on Page 1.
[6] Five-year performance objectives are provided on a constant-currency basis, exclusive of the impact of merger, acquisition or divestment activity.

OPERATING & FINANCIAL REVIEW

1. ABOUT BRAMBLES

1.1. 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 pooling of unit-load equipment and the provision of associated services, focussing on the outsourced management of returnable pallets, crates and containers. Brambles predominantly serves the consumer goods, dry grocery, fresh food, retail and general manufacturing industries. In addition, the Group has specialist businesses serving the automotive manufacturing, aerospace and refining sectors.

At 30 June 2014, the Group employed more than 14,000 people and owned approximately 470 million pallets, crates and containers through a network of approximately 850 service centres.

The Group is managed through three operating segments:

- Pallets, primarily serving the fast-moving consumer goods, grocery, food and general manufacturing industries and sub-divided into three regions: Americas (comprising the CHEP pallet-pooling operations in that region, the IFCO Pallet Management Services business in the USA and the global LeanLogistics business); Europe, Middle East & Africa (comprising the CHEP pallet-pooling operations in those regions); and Asia-Pacific (comprising the CHEP pallet-pooling operations in that regions);
- Reusable Produce Crates (RPCs), serving the fresh produce industry and comprising the IFCO RPC pooling business worldwide and the CHEP RPC pooling businesses in Australian, New Zealand and South Africa; and
- Containers, comprising four business units: CHEP Pallecon Solutions, primarily serving customers transporting raw materials in the food and general manufacturing industries; CHEP Automotive Solutions, serving the automotive manufacturing industry; CHEP Aerospace Solutions, which rents containers and pallets for the transportation of baggage and cargo to airlines, as well as maintaining these and other equipment; and CHEP Catalyst & Chemical Containers, which rents containers and provides associated services in the refining sector.

Commentary on the performance of Brambles operating segments during the Year, is included in Section 7.2 of this Operating & Financial Review.

1.2. OPERATING MODEL

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 that 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 use.

Customers eliminate the need to purchase and manage their own pallets, crates and/or containers by participating in Brambles' pooling system. Customers benefit from the scale efficiencies generated by Brambles' network and systems, as well as the Group's asset management knowledge and continuous development of innovative solutions.

Brambles retains ownership of its equipment at all times, inspecting and repairing it as required to maintain consistent levels of quality. Brambles generates sales revenue predominantly from the rental and other service fees that customers pay based on their usage of the Group's equipment.

1.3. SHARED VALUES

Brambles' shared values are articulated in Brambles' Code of Conduct and are a core component of the Group's culture:

- 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.

1.4. STRATEGIC FOCUS AND THEMES

Brambles' intention 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.

1.5. SHAREHOLDER VALUE

The service and value Brambles provides its customers, the quality of its relationships and the scale of its networks and invested capital base create the foundation of sustainable competitive advantage that supports the Group's value proposition to investors.

As a result of this value proposition, over the five years to 30 June 2014, Brambles consistently delivered profitable growth comprising superior rates of sales revenue growth and high levels of return on capital relative to the benchmark Australian share index, the S&P/ASX200 Index. Based on data published by Bloomberg for the five years ended 31 December 2013: Brambles' compound average growth rate in sales revenue was 9%, compared with (2)% for the S&P/ASX200 Index; Brambles' five-year average post-tax return on capital was 14%, compared with 5% for the ASX200.The Group has delivered superior total shareholder return over a one-year, three-year and five-year period compared with both the benchmark index and the relevant sector index, the S&P/ASX200 Industrials Index[1].

1.6. BUSINESS STRATEGIES & FUTURE PROSPECTS

In December 2013, Brambles communicated the following five-year objectives, reflecting the Group's objective for the sustained delivery of its value proposition to investors through continued profitable growth:

- Annual percentage sales revenue growth in the high single digits (i.e. on average, between 7% and 9%), at constant currency[2]; and
- Consistent incremental improvement in Return on Capital Invested to at least 20% by the end of FY19.

The Group is committed to continuing to focus on and invest in the aspects of its business that underpin its fundamental proposition to all stakeholders, including product service and quality and the efficient management and control of its assets.

In addition, as a result of the under-penetrated nature of equipment pooling in many sectors and regions of the global economy, the Group has access to a broad range of opportunities to continue to

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[1] Based on Bloomberg data, Brambles' total shareholder return to 30 June 2014 (including the contribution of Recall Holdings Limited shares since the demerger in December 2013) was: 24% over one year (compared with 20% for the ASX200 and 19% for the ASX200 Industrials); 68% over three years (35% for the ASX200; 28% for the ASX200 Industrials); and 122% over five years (73% for the ASX200; 65% for the ASX200 Industrials).

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

pursue profitable growth through applying its intellectual property to additional supply chains.

These opportunities include: increasing penetration with the Group's core products and services in existing markets; diversifying the range of equipment pooling products and services; entering new and adjacent parts of the supply chain in which asset pooling can be applied; and expanding into new geographies.

The principal factors that define growth opportunities 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.

Brambles has identified the key external factors that influence its assumptions and targets and create areas of opportunity and risk as:

- The macro-economic environment, with expectations for global growth remaining challenging in the foreseeable future;
- Industry trends, in particular in the context of a dynamically changing retailing landscape and the ongoing globalisation of many supply chains; and
- Customer demand for sustainable outsourced supply-chain solutions amid an intensifying competitive environment.

The Strategy Scorecard on Page 14 sets out the Group's progress in relation to delivering its business strategy in the context of its objectives. This scorecard highlights short-term focus areas as well as execution risks and associated mitigating actions. Further details of Brambles' risk management framework are provided under Significant Risk & Uncertainties in Section 4.0 of this Operating & Financial Review. Details in relation to how the Group uses its Remuneration Policy to incentivise the Company's leadership to deliver profitable growth in the context of these factors are in the Remuneration Report on Pages 33 to 50.

2. PERFORMANCE DRIVERS & METRICS

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

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 wins[3]"); and
- Movements in pricing.

Brambles' key profit metric is Underlying Profit[4], which is adjusted from statutory operating profit by removing Significant Items[5]. The main drivers of Underlying Profit 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 equipment.

Brambles calculates Return on Capital Invested[6] by dividing Underlying Profit by Average Capital Invested[7]. The main driver of Average Capital Invested 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, which measures value generated over and above the cost of capital used to generate that value. Brambles Value Added 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).Details of the Group's performance relative to these metrics are included in Section 7.0 of this Operating & Financial Review.

3. FINANCIAL POSITION

3.1. CAPITAL STRUCTURE

Brambles manages its capital structure to maintain a solid investment grade credit rating. During the financial year ended 30 June 2014, 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, varying the maturity profile of borrowings and managing discretionary expenses.

3.2. 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 the treasury function 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 of the Financial Report on Pages

[3] 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.

[4] Profit from continuing operations before finance costs, tax and Significant Items.

[5] 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.

[6] Underlying Profit divided by Average Capital Invested.

[7] 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.

101 to 110, including a sensitivity analysis (Page 105) 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.

3.3. FUNDING & LIQUIDITY

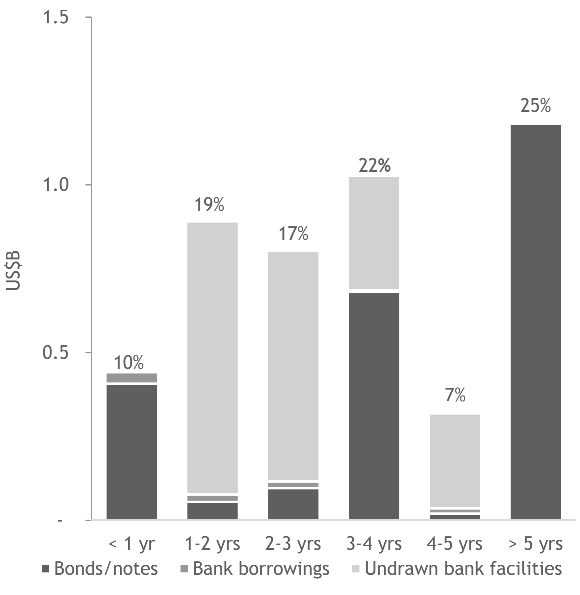
Brambles funded its operations during the 2014 financial year primarily through retained cash flow and borrowings, with some funding from employee share schemes. Brambles generally sources borrowings from relationship banks and debt capital market investors on a medium-to-long-term basis.

During the Year, Brambles continued to diversify and lengthen its funding profile by issuing a new €500 million European medium-term note at a coupon of 2.375% with a maturity of 10 years. The proceeds were received in June 2014 and used to repay bank indebtedness. The balance was retained as cash to pre-fund an upcoming US private placement maturity.

Bank borrowing facilities were maintained and portions renewed throughout the Year. These facilities are generally structured on a multi-currency, revolving basis with maturities ranging to December 2018. Borrowings under the facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

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

Maturity Profile of Committed Borrowing Facilities & Outstanding Bonds (% 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 2014, the Group was in compliance with the policy.

Net Debt & Key Ratios

US$M	June 2014	June 2013	Change
Current debt	497.8	156.9	340.9
Non-current debt	2,086.2	2,686.4	(600.2)
Gross debt	**2,584.0**	**2,843.3**	**(259.3)**
Less cash	(222.3)	(128.9)	(93.4)
Net debt	**2,361.7**	**2,714.4**	**(352.7)**
KEY RATIOS	FY14[8]	FY13[9]	
Net debt to EBITDA	1.59x	1.68x	
EBITDA interest cover	13.2x	14.6x	

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 1.59 times (2013: 1.68 times) and EBITDA interest cover at 13.2 times (2013: 14.6 times). Net debt was US$2,361.7 million at 30 June 2014, down US$352.7 million from 30 June 2013, reflecting the net proceeds from the Recall demerger.

At 30 June 2014, Brambles had committed credit facilities including bonds and notes totalling US$4,665.2 million. Undrawn committed borrowing capacity totalled US$2,125.2 million, an increase of US$901.0 million from June 2013, as bank borrowings were repaid from proceeds of the Recall demerger and the European medium-term note issue. The average term to maturity of Brambles' committed credit facilities at 30 June 2014 was 4.1 years (2013: 3.6 years). In addition to these facilities, 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.

3.4. DIVIDEND POLICY & PAYMENT

Brambles has a progressive dividend policy. Under this policy, the Group seeks to maintain or increase dividends per share each year, in Australian cents, subject to its financial performance and cash requirements. The Board has declared a final dividend for 2014 of 13.5 Australian cents per share, in line with the previous interim and final dividends. The 2014 final dividend is payable on 9 October 2014 to shareholders on the Brambles register at 5pm on 12 September 2014. The final dividend is 30% franked. The ex-dividend date is 10 September 2014. 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. Total dividends for the Year were 27.0 Australian cents per share, reflecting the Board's commitment not to decrease the dividend following the demerger of the Recall business in December 2013. Brambles paid an interim dividend of 13.5 Australian cents per share on 10 April 2014, franked at 30%.

3.5. 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, sometimes using interest rate derivatives. 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 2014,

8 For FY14, based on continuing operations only.

9 For prior year comparatives, based on continuing and discontinued operations.

Brambles had 50% of its weighted average interest-bearing debt over the next 12 months at fixed interest rates (2013: 50%). Beyond 12 months, the proportion of fixed rate debt in the range of one to two years was 54% (2013: 47%), 50% for two to three years (2013: 48%) and 40% for three to four years (2013: 46%). The weighted average maturity period was 3.9 years (2013: 4.4 years). The fair value of all interest rate swap instruments was US$13.8 million net gain (2013: US$19.0 million net gain).

3.6. 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 that Brambles both generates income and incurs expenses in its local currencies of operation, 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$0.2 million net loss (2013: US$8.3 million net loss).

4. 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 under Principle 7 of the Corporate Governance Statement on Pages 27 and 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 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 execute effectively 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 Brambles' 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.

5. SAFETY

Brambles' Zero Harm Charter states that everyone has the right to be safe at work and to return home as healthy as when they started the day. Each 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.

During the Year, Brambles[10] continued to focus on improving segregation of pedestrians from vehicles and machinery, which is Brambles' greatest risk for potentially fatal or life changing injuries. A pedestrian segregation assessment tool was created and rolled out across Pallets and shared with the RPCs and Containers segments. In addition, the Pallets segment focused on the development of global safety standards in machinery and forklifts. The machinery safety standards will enable standardisation and improved procurement of new machinery. For forklifts, minimum safety standards have been established for legacy and temporary hire equipment and requirements for new purchase and leases have been expanded.

During FY14, Brambles' business units[10] conducted an awareness campaign on the importance of reporting near misses[11] and very minor injuries. The information provided by this type of reporting helps minimise the risk of serious injuries materialising. Better reporting of minor first-aid injuries will provide a baseline for the introduction of a total injury frequency rate metric in some business units in FY16.

The FY14 BIFR result of 15.6[12,15] is a 19% improvement on the previous year. Brambles is committed to continue to target year-on-year improvements, after taking into account the impact of any acquisitions.

Brambles Injury Frequency Rate

	FY14	FY13	Change	Reasons for change
Pallets - Americas	31.8	38.9	18%	Improved safety focus in IFCO PMS and CHEP Canada
Pallets - EMEA	3.1	3.8	18%	Improved safety engagement in Middle East & Africa
Pallets - Asia-Pacific	6.4	10.0	36%	Implementation of robust safety management system in Asia
Pallets[13]	**16.6**	**20.5**	**19%**	
RPCs	7.7	11.0	30%	Improvements in safety in relation to wash machines and better investigations
Containers[14]	13.6	17.7	23%	Implementation of Containers Safety Council and near miss reporting
Brambles[15]	**15.6**	**19.3**	**19%**	

A detailed report on Brambles' safety performance will be available in the 2014 Sustainability Review, which will be published on Brambles' website in October 2014.

6. SUSTAINABILITY

Building sustainable business practices is fundamentally important to the future of Brambles and to the communities in which it operates. Brambles' approach to Sustainability is consistent with its strategy and Shared Values and is designed to enhance, among other things:

- Efficiency and productivity in Brambles' use of finite resources;
- Value creation 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.

The fundamental principles on which Brambles' 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 is continuously vigilant in reducing asset losses, cycle times and damage to generate 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 equipment such as those Brambles provides 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.

6.1. SUSTAINABILITY 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 were grouped into four areas: Customer, Environment, People and Community.

In 2014, to reflect recent developments in the regulatory reporting framework and the demerger of Recall, the Sustainability Committee developed a new framework to focus its efforts across the Group. Brambles efforts to address sustainability risks and opportunities will be reported in three areas:

1. **Better Planet:** We minimise our impact on the environment, by continuous improvement in our everyday activities and throughout our supply chains. Within this area are the individual aspects of emissions, materials sourcing, waste and water.
2. **Better Business:** Sustainable practices and commercial success go hand in hand. We provide safe, efficient and sustainable solutions for our customers' supply chains, based on the principles of the circular economy – recover, reuse and reduce – while we take advantage of the benefits of recycling. We focus on the pooling business model and its inherently sustainable characteristics, supply chain collaboration with our customers

[10] Acquisitions made and new operations started in FY14 were not included in the safety results for the Year but will be incorporated in FY15.

[11] A near miss is an event that did not result in injury, illness or damage but had the potential to do so.

[12] BIFR may be subject to minor adjustments as investigations on a number of incidents were not closed at the time of publication. The final number will be published in the 2014 Sustainability Review in October.

[13] For the purpose of safety reporting, the Pallets segment includes the CHEP RPCs and Containers operations in Asia-Pacific (excluding CHEP Pallecon Solutions, CHEP Aerospace Solutions and CHEP Catalyst & Chemical Containers operations) and South Africa.

[14] For the purposes of safety reporting, the Containers segment includes the CHEP Automotive & Industrial Solutions operations in Europe and the Americas, CHEP Pallecon Solutions in the Americas, CHEP Aerospace Solutions and CHEP Catalyst & Chemical Containers

[15] Brambles BIFR shown from continuing operations only, excluding Recall.

and suppliers, and providing our people with an engaging, safe, tolerant and diverse work environment. This will help us attract and retain employees capable of delivering exceptional value to customers and appropriate returns to investors.

3. **Better Communities:** We contribute positively to the communities in which we work, both as a corporation (through investing in environment, education and food waste initiatives) and by our individual employees (through participation in local community initiatives).

Targets and details on progress to date are included in the table on this page. A full update on the targets will be provided in the Sustainability Review to be published on Brambles' website in October 2014.

Brambles is aware that it must have the right risk and governance foundations and appropriate structures in place and lists its governance commitments in the Sustainability section of its website.

6.2. KEY SUSTAINABILITY TOPICS

In FY11, Brambles established a process to determine key sustainability topics it considers important to its stakeholders. A third-party provider conducted the analysis using the AccountAbility Principles Standards AA1000 five-part test as a guide.

In FY14, Brambles conducted a review of its current approach and commissioned an independent review of its sustainability issues in determining material exposure to sustainability risks in recognition of:

- The ASX Corporate Governance Principles and Recommendations, particularly Recommendation 7.4 concerning the disclosure of any material exposure to economic, environmental and social sustainability risks and, if any, how these risks are managed; and
- The Global Reporting Initiative's G4 reporting framework for delivering content and quality.

The results and recommendations from this review will be published in the 2014 Sustainability Review on Brambles' website in October 2014.

6.3. KEY SUSTAINABILITY ACTIVITIES DURING THE YEAR

Brambles undertook the following key sustainability activities during the Year:

- Reviewed and developed a new framework to articulate the inherent sustainability value within the equipment pooling model to its stakeholders;
- Expanded and updated its anti-corruption and bribery policy; and
- Completed the first stage of a global supplier policy rollout.

Progress against Sustainability Targets

Measure	Target	Progress
Better Planet		
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	●
Better Business		
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 with year-on-year improvement on BIFR	✓
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	●
Supplier policy	Develop and introduce global policy by end of 2013	✓
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	✓
Better Communities		
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

7. FINANCIAL REVIEW

7.1. GROUP OVERVIEW

7.1.1. Summary: key metrics

US$M			Change	
(Continuing operations)	FY14	FY13	Actual FX	Constant FX
Sales revenue	**5,404.5**	**5,082.9**	**6%**	**7%**
Operating profit	929.5	887.1	5%	5%
Significant Items	30.6	25.9		
Underlying Profit	**960.1**	**913.0**	**5%**	**6%**
Underlying Profit margin	**17.8%**	**18.0%**	**(0.2)pts**	**(0.2)pts**
Average Capital Invested	5,889.6	5,576.9	6%	
Return on Capital Invested	**16.3%**	**16.4%**	**(0.1)pts**	**-**
Brambles Value Added[16]	**266.5**	**246.8**		**19.7**
Cash Flow from Operations	**828.2**	**697.3**	**130.9**	

Brambles' Group financial results from continuing operations in the 12 months ended 30 June 2014 reflected solid sales revenue growth from continued execution of the Group's growth strategy coupled with improved underlying economic conditions.

There was a slight decline in the Underlying Profit margin, primarily reflecting higher direct costs in the Pallets and RPCs segments, as well as some one-off costs in the RPCs segment.

The broadly flat Return on Capital Invested compared with FY13 reflected the decline in RPCs profitability, although there were improvements in Pallets and Containers. Brambles Value Added, the Group's principal metric for measuring economic profit, increased by US$19.7 million.

The increase in Cash Flow from Operations reflected higher earnings and a positive working capital movement.

The remainder of Section 7.1 of this Operating & Financial Review provides a more detailed analysis of these key drivers. Detailed segmental and business unit commentary is provided in Section 7.2.

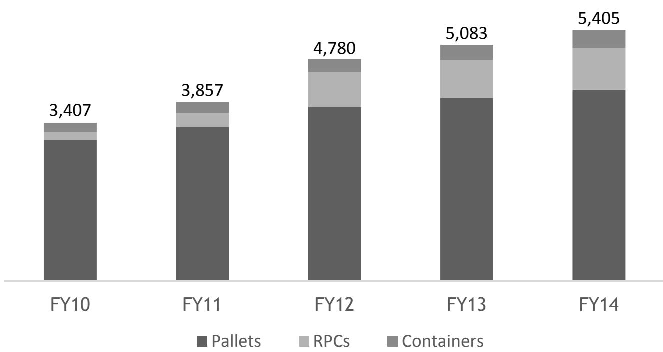
[16] Calculated at 30 June 2013 FX rates.

7.1.2. Group sales revenue

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Pallets – Americas	2,301.9	2,205.8	4%	6%
Pallets – EMEA	1,447.3	1,346.8	7%	5%
Pallets – Asia-Pacific	374.2	391.8	(4)%	4%
Total Pallets	**4,123.4**	**3,944.4**	**5%**	**5%**
RPCs	895.8	812.8	10%	9%
Containers	385.3	325.7	18%	19%
Total continuing operations	**5,404.5**	**5,082.9**	**6%**	**7%**

Sales revenue from continuing operations was US$5,404.5 million, up 6% (7% at constant currency). The principal contributors to sales revenue growth in FY14 were: organic volumes, price and new business growth in the Americas and Europe Middle East & Africa regions of the Pallets segment; continued expansion in the RPCs segment; and the Pallecon acquisition in Containers.

Five-year trend: group sales revenue[17] (US$M)



7.1.3. Group operating profit

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Pallets – Americas	419.0	414.6	1%	3%
Pallets – EMEA	330.1	268.2	23%	21%
Pallets – Asia-Pacific	73.0	77.2	(5)%	3%
Total Pallets	**822.1**	**760.0**	**8%**	**9%**
RPCs	124.3	138.4	(10)%	(10)%
Containers	35.9	28.0	28%	34%
Corporate	(52.8)	(39.3)	(34)%	(64)%
Total continuing operations	**929.5**	**887.1**	**5%**	**5%**

Operating profit from continuing operations was US$929.5 million, up 5%. The result reflected sales growth, efficiency gains in Pallets and improved margins in Containers, as well as the negative impact of higher direct costs in Pallets and RPCs and some one-off costs in RPCs. The increase in Corporate costs predominantly reflected higher restructuring costs recognised as Significant Items (see Section 7.1.5).

[17] Data shown excludes the contribution of the Recall business demerged in December 2013.

7.1.4. Profit after tax

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Operating profit from continuing operations	**929.5**	**887.1**	5%	5%
Net finance costs	(113.0)	(110.8)	(2)%	(2)%
Tax expense	(232.0)	(220.0)	(5)%	(8)%
Profit after tax from continuing operations	**584.5**	**556.3**	5%	4%
Profit after tax from discontinued operations	683.2	84.3		
Profit after tax	**1,267.7**	**640.6**	**98%**	**114%**
Weighted average number of shares (M)	1,560.7	1,555.7		
Basic EPS (US cents)	**81.2**	**41.2**	**97%**	**113%**
Basic EPS from continuing operations (US cents)	**37.5**	**35.8**	5%	4%

Profit after tax from continuing operations was US$584.5 million, up 5% (4% at constant currency), reflecting the higher operating profit, a modest increase in net finance costs and a proportionate increase in tax expense.

Net finance costs were US$113.0 million, up 2%, as a reduction in net debt following the Recall demerger offset the impacts of higher average interest rates in emerging markets and higher debt associated with acquisitions. Tax expense was US$232.0 million, up 5%. The effective tax rate on operating profit was 28%, the same as the prior year.

Basic earnings per share of 81.2 US cents reflected the contribution to profit after tax of profit from discontinued operations. This profit, of US$683.2 million, comprised the contribution of the Recall business until the demerger of that business in December 2013, and the accounting profit on the demerger. Basic earnings per share from continuing operations of 37.5 US cents was up 5% (4% at constant currency).

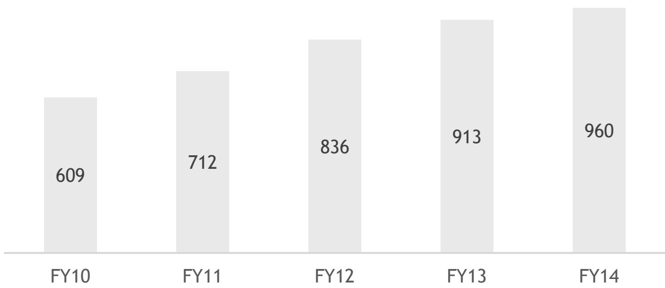
7.1.5. Group Underlying Profit (reconciliation to operating profit from continuing operations)

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
UNDERLYING PROFIT				
Pallets – Americas	435.0	419.1	4%	6%
Pallets – EMEA	328.9	282.4	16%	14%
Pallets – Asia-Pacific	73.6	78.8	(7)%	2%
Total Pallets	**837.5**	**780.3**	**7%**	**9%**
RPCs	124.3	138.7	(10)%	(10)%
Containers	38.0	28.4	34%	39%
Corporate	(39.7)	(34.4)	(15)%	(32)%
Total Underlying Profit	**960.1**	**913.0**	**5%**	**6%**
SIGNIFICANT ITEMS				
Acquisition-related costs	(1.0)	(4.6)		
Restructuring & integration costs	(29.6)	(21.3)		
Total Significant Items	**(30.6)**	**(25.9)**		
Operating profit	**929.5**	**887.1**	**5%**	**5%**

Underlying Profit, which excludes Significant Items, was US$960.1 million, up 5% (6% at constant currency), reflecting the same trends as for operating profit.

Significant Items were US$(30.6) million, up from US$(25.9) million, reflecting increased restructuring and integration costs, including the rollout of the Global Finance Services project, the integration of acquired businesses and evaluation costs for the One Better overheads reduction project. Acquisition-related costs incurred in the Year were for the Transpac and Airworld acquisitions.

Five-year trend: Underlying Profit[17] (US$M)

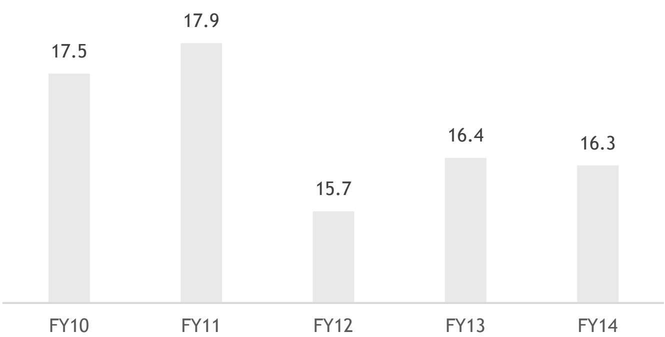


7.1.6. Return on Capital Invested

			Change	
	FY14	**FY13**	**Actual FX**	**Constant FX**
Pallets – Americas	19.3%	19.2%	0.1pts	0.2pts
Pallets – EMEA	25.3%	22.8%	2.5pts	2.4pts
Pallets – Asia-Pacific	18.2%	18.8%	(0.6)pts	(0.2)pts
Total Pallets	**21.2%**	**20.4%**	**0.8pts**	**0.8pts**
RPCs	7.9%	9.5%	(1.6)pts	(1.4)pts
Containers	8.8%	8.3%	0.5pts	0.9pts
Total continuing operations (inc. Corporate)	**16.3%**	**16.4%**	**(0.1)pts**	-

Return on Capital Invested was down 0.1 percentage points to 16.3% (flat at constant currency), compared with the Group's FY19 target of at least 20%. Although there was an improvement in the rate of Underlying Profit growth relative to growth in Average Capital Invested in the Americas and EMEA regions of the Pallets segment and the Containers segment, these were not sufficient to offset the impact in the Year of lower Underlying Profit in RPCs.

Five-year trend: Return on Capital Invested[17] (%)



7.1.7. Brambles Value Added

US$M, fixed June 2013 FX	FY14	FY13	Change
Pallets – Americas	183.4	171.4	12.0
Pallets – EMEA	165.1	128.7	36.4
Pallets – Asia-Pacific	24.3	24.5	(0.2)
Total Pallets	**372.8**	**324.6**	**48.2**
RPCs	(62.9)	(39.5)	(23.4)
Containers	(12.1)	(13.6)	1.5
Corporate	(31.3)	(24.7)	(6.6)
Total continuing operations	**266.5**	**246.8**	**19.7**

Brambles Value Added was US$266.5 million, up US$19.7 million, as the improved profit and capital efficiency in the Pallets segment more than offset the decline in RPCs and Corporate.

7.1.8. Capital expenditure on property, plant and equipment (accruals basis)

US$M	FY14	FY13	Change
Pallets – Americas	343.6	330.1	13.5
Pallets – EMEA	262.7	233.7	29.0
Pallets – Asia-Pacific	67.0	72.5	(5.5)
Total Pallets	**673.3**	**636.3**	**37.0**
RPCs	180.4	196.0	(15.6)
Containers	54.1	32.2	21.9
Corporate	0.2	1.2	(1.0)
Total continuing operations	**908.0**	**865.7**	**42.3**

Capital expenditure on property, plant and equipment (accruals basis) from continuing operations was US$908.0 million, up US$42.3 million, as the Group invested to support growth. The largest increases were to support expansion in Pallets with new customers and to support growth in the Automotive and CHEP Catalyst & Chemical Containers business units in Containers. This was offset to some degree by a reduced need for new crates in the European region of the RPCs operation. The proportion of capital expenditure on pooling equipment to replace irrecoverable assets and scraps, as opposed to investing in growth, was approximately 70%, broadly consistent with FY13, compared with the target of 60% by FY19.

7.1.9. Reconciliation of cash flow

US$M	FY14	FY13	Change
Underlying Profit	960.1	913.0	47.1
Depreciation and amortisation	528.3	495.7	32.6
EBITDA	**1,488.4**	**1,408.7**	**79.7**
Capital expenditure (cash basis)	(854.3)	(846.0)	(8.3)
Proceeds from sale of PP&E	77.6	99.7	(22.1)
Working capital movement	10.6	(49.4)	60.0
IPEP expense	88.3	101.5	(13.2)
Other	17.6	(17.2)	34.8
Cash Flow from Operations	**828.2**	**697.3**	**130.9**
Significant Items	(20.9)	(42.0)	21.1
Discontinued operations	(46.0)	160.1	(206.1)
Financing costs and tax	(330.4)	(306.8)	(23.6)
Free Cash Flow	**430.9**	**508.6**	**(77.7)**
Dividends paid	(394.2)	(425.5)	31.3
Free Cash Flow after dividends	**36.7**	**83.1**	**(46.4)**

Cash Flow from Operations was US$828.2 million, up US$130.9 million, primarily reflecting increased earnings and a positive working capital movement. The reduction in the Irrecoverable Pooling Equipment Provision expense and proceeds from disposals primarily reflected tighter asset control. Free Cash Flow after dividends was US$36.7 million, down US$46.4 million, primarily reflecting the impact, in discontinued operations, of the Recall demerger in December 2013.

7.2. SEGMENT ANALYSIS

7.2.1. Pallets

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Sales revenue	**4,123.4**	**3,944.4**	**5%**	**5%**
Operating profit	**822.1**	**760.0**	**8%**	**9%**
Significant Items	15.4	20.3		
Underlying Profit	**837.5**	**780.3**	**7%**	**9%**
Average Capital Invested	3,953.3	3,833.6	3%	
Return on Capital Invested	**21.2%**	**20.4%**	**0.8pts**	**0.8pts**

Sales revenue in the Pallets segment was US$4,123.4 million, up 5%, driven primarily by new business wins and improved underlying conditions in the Americas and EMEA regions. Net new business wins across the segment were US$72 million, contributing constant-currency sales revenue growth of 2%. Sales revenue from the emerging markets regions (Asia, Central & Eastern Europe, Latin America and Middle East & Africa) of the Pallets segment was US$557.2 million, up 6% (14% at constant currency).

Operating profit in the Pallets segment was US$822.1 million, up 8% (9% at constant currency). Underlying Profit was US$837.5 million, up 7% (9% at constant currency).The Pallets segment delivered an additional US$25 million in savings from Pallet Management Services integration and global operations and logistics efficiencies. Combined with pricing and sales mix improvements, these efficiencies were sufficient to offset the impact of higher direct costs and drive an improved profit margin in the segment.

The 0.8 percentage point improvement in Return on Capital Invested to 21.2% was driven mainly by the EMEA region (see Section 7.2.3).

7.2.2. Pallets – Americas

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Sales revenue	**2,301.9**	**2,205.8**	**4%**	**6%**
Operating profit	**419.0**	**414.6**	**1%**	**3%**
Significant Items	16.0	4.5		
Underlying Profit	**435.0**	**419.1**	**4%**	**6%**
Average Capital Invested	2,251.1	2,177.7	3%	
Return on Capital Invested	**19.3%**	**19.2%**	**0.1pts**	**0.2pts**

Sales revenue in Pallets Americas was US$2,301.9 million, up 4%, (6% at constant currency), reflecting broadly equal contributions from pricing and mix growth, improved organic volumes and net new business wins. The contribution from net new business wins was US$53 million.

- North America sales revenue was US$2,008.9 million, up 4% (5% at constant currency), with the greatest contribution coming from the rollover benefit of net new business won in FY13 in CHEP USA and CHEP Canada, as well as pricing improvements and net new business wins during FY14. Following a severely weather-affected third quarter, there was a solid return to growth in organic volumes in the fourth quarter.
- Latin America sales revenue was US$270.9 million, up 5% (13% at constant currency), with a strong contribution from organic volume increases with existing customers as well as net new business and pricing gains.
- LeanLogistics sales revenue was US$22.1 million, up 2%, reflecting new business growth.

Operating profit was US$419.0 million, up 1% (3% at constant currency), reflecting the impact of US$16.0 million of Significant Items. Underlying Profit was US$435.0 million, up 4% (6% at constant currency), in line with sales revenue growth. Pricing and mix improvements, operational efficiencies and a reduction in the Irrecoverable Pooling Equipment Provision expense (due to higher asset recoveries) offset higher direct costs. These higher costs were primarily related to the impact on pallet repair intensity and transport costs of higher asset recoveries.

Return on Capital Invested was 19.3%, up 0.1 percentage points (0.2 percentage points at constant currency), reflecting a modest benefit from capital efficiencies.

7.2.3. Pallets – EMEA

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Sales revenue	**1,447.3**	**1,346.8**	**7%**	**5%**
Operating profit	**330.1**	**268.2**	**23%**	**21%**
Significant Items	(1.2)	14.2		
Underlying Profit	**328.9**	**282.4**	**16%**	**14%**
Average Capital Invested	1,298.4	1,237.4	5%	
Return on Capital Invested	**25.3%**	**22.8%**	**2.5pts**	**2.4pts**

Sales revenue in Pallets EMEA was US$1,447.3 million, up 7% (5% at constant currency), reflecting: an improvement in pricing and volume in key European markets and continued expansion of the CHEP system with under-penetrated German retailers; strong growth in Central & Eastern Europe; and the continued strength of the Middle East & Africa operations. Net new business wins were US$20 million, as the stronger operating conditions continued to enable a more selective approach to the pursuit of business wins and renewals and to drive the more efficient deployment of pallets, in particular in the UK.

- Europe sales revenue was US$1,313.2 million, up 9% (4% at constant currency), within which: Mid Europe (comprising Germany, Italy, Benelux, Scandinavia, Switzerland and Austria) was US$406.4 million , up 11% (6% at constant currency); UK & Ireland was US$376.3 million, up 5% (flat at constant currency); Iberia was US$256.1 million, up 6% (1% at constant currency); France was US$176.9 million, up 8% (3% at constant currency); and Central & Eastern Europe was US$97.5 million, up 24%.
- Middle East & Africa sales revenue was US$134.1 million, down 2% (up 12% at constant currency), with organic volume growth in South Africa the greatest driver.

Operating profit was US$330.1 million, up 23% (21% at constant currency). Underlying Profit was US$328.9 million, up 16% (14% at constant currency), reflecting improvements in pricing and mix from more selective asset deployment, as well as operational efficiencies.

Return on Capital Invested was 25.3%, up 2.5 percentage points (2.4 percentage points at constant currency), reflecting the strong profit growth and asset efficiency programs.

7.2.4. Pallets – Asia-Pacific

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Sales revenue	**374.2**	**391.8**	**(4)%**	**4%**
Operating profit	**73.0**	**77.2**	**(5)%**	**3%**
Significant Items	0.6	1.6		
Underlying Profit	**73.6**	**78.8**	**(7)%**	**2%**
Average Capital Invested	403.8	418.5	(4)%	
Return on Capital Invested	**18.2%**	**18.8%**	**(0.6)pts**	**(0.2)pts**

Sales revenue in Pallets Asia-Pacific was US$374.2 million, down 4%. Constant-currency sales revenue was up 4%, reflecting modest pricing gains in Australia and organic volume growth in all countries. Net new business wins were flat.

- Australia & New Zealand sales revenue was US$319.5 million, down 6% (up 4% at constant currency).
- Asia sales revenue was US$54.7 million, up 6% (10% at constant currency).

Operating profit was US$73.0 million, down 5%. Constant-currency growth of 3% reflected sales revenue growth as pricing, mix and efficiency improvements were sufficient to offset a modest increase in direct costs. Underlying Profit was US$73.6 million, down 7% (up 2% at constant currency).

Return on Capital Invested was 18.2%, down 0.6 percentage points (0.2 percentage points at constant currency), primarily reflecting the reduction in Underlying Profit.

7.2.5. RPCs

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Sales revenue	**895.8**	**812.8**	**10%**	**9%**
Operating profit	**124.3**	**138.4**	**(10)%**	**(10)%**
Significant Items	-	0.3		
Underlying Profit	**124.3**	**138.7**	**(10)%**	**(10)%**
Average Capital Invested	1,573.2	1,465.5	7%	
Return on Capital Invested	**7.9%**	**9.5%**	**(1.6)pts**	**(1.4)pts**

Sales revenue in RPCs was US$895.8 million, up 10% (9% at constant currency), primarily reflecting solid organic volume growth, continued penetration with existing retail partners in Europe and Australia and improved second-half growth momentum in North America.

- Europe sales revenue was US$581.4 million, up 14% (9% at constant currency). Retail partners extending the use of RPCs in their supply chains and a strong summer growing season were the primary contributors to the growth;
- North America sales revenue was US$173.8 million, up 7%, reflecting an improved second-half performance and continued development of RPC volumes at major retail partners following the implementation of an improved marketing strategy;
- Australia, New Zealand and South Africa sales revenue was US$118.7 million, up 1% (12% at constant currency), mostly reflecting continued penetration increases in Australia; and
- South America sales revenue was flat at US$21.9 million (up 23% at constant currency). Constant-currency growth primarily reflected expansion with Walmart in Brazil and the impact of higher prices, in line with inflation.

Both operating profit and Underlying Profit were down 10% to U$124.3 million. The profit decline reflected the impact of higher depreciation and marketing costs, and pricing and mix impacts in North America. One-off costs in the first half associated with the retirement of former members of IFCO's executive team and the impairment of some equipment in South America were not repeated in the second half.

Return on Capital Invested of 7.9%, down 1.6 percentage points (1.4 percentage points at constant currency), reflected the reduction in profit.

7.2.6. Containers

US$M			Change	
	FY14	FY13	Actual FX	Constant FX
Sales revenue	**385.3**	**325.7**	**18%**	**19%**
Operating profit	**35.9**	**28.0**	**28%**	**34%**
Significant Items	2.1	0.4		
Underlying Profit	**38.0**	**28.4**	**34%**	**39%**
Average Capital Invested	431.2	341.8	26%	
Return on Capital Invested	**8.8%**	**8.3%**	**0.5pts**	**0.9pts**

Sales revenue in the Containers segment was US$385.3 million, up 18% (19% at constant currency), reflecting the first full-year contribution of the Pallecon operations acquired in December 2012. Excluding acquisitions, constant-currency sales revenue growth was 7%. This primarily reflected growth in the Automotive operations in Europe and in CHEP Catalyst & Chemical Containers.

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

- Automotive sales revenue was US$162.3 million, up 8%, as improved organic volumes in Europe and new business growth in Europe and China more than offset the ongoing impact of the decline in automotive manufacturing on Australian volumes.
- CHEP Pallecon Solutions sales revenue was US$116.2 million, up 48% (52% at constant currency), reflecting a full-year contribution from the Pallecon business acquired in December 2012 and continued new business growth in North America;
- CHEP Aerospace Solutions sales revenue was US$65.4 million, up 10% (9% at constant currency), as the acquisition in February 2014 of Airworld, a business carrying out maintenance at UK airports, and modest new business wins in the maintenance and repair operations offset reduced volumes in existing customers due to cost pressures and the introduction of new equipment requiring fewer near-term repairs; and
- CHEP Catalyst & Chemical Containers sales revenue was US$41.4 million up 9% (up 11% at constant currency), driven by stronger customer rental activity.

Operating profit was US$35.9 million, up 28% (34% at constant currency). Underlying Profit was US$38.0 million, up 34% (39% at constant currency), as overheads increased less than sales revenue throughout the segment.

The improved profit drove a 0.5 percentage point (0.9 percentage points at constant currency) increase in Return on Capital Invested to 8.8%, offset in part by continued investment in growth.

8.0 STRATEGY SCORECARD

Investment Proposition

1

Our customer value proposition enables a

strong and sustainable

competitive advantage...

2

...which drives superior rates of

economic returns

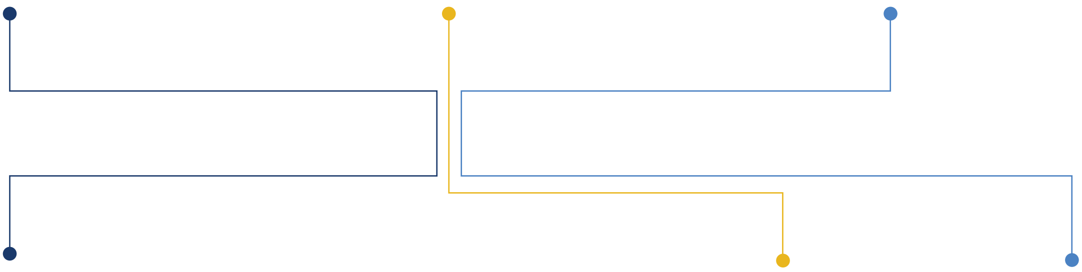
(high quality of opportunity)...

3

...and positions us uniquely to deliver superior

levels of growth

(high quantity of opportunity)...

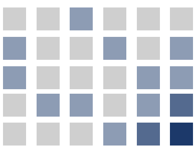


Five-Year Plan

1

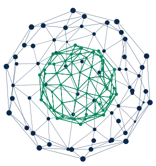
Get the basics right:

Invest in product & service quality



Invest in asset management

Drive business growth:



Invest in business development to support diversification

2

>20%

Consistently improve Group Return on Capital Invested to at least 20% by FY19

3

7-9%

Deliver annual constant-currency percentage sales growth in the high single digits

Go to Brambles' website for a full interactive version of the Strategy Scorecard and other online features.

FY14 Progress

1

Strong progress in asset management efforts in Pallets operations

Continued roll-out of new products and new market expansion

2%

Net new business wins contribute 2% constant-currency sales revenue growth

2

16.3%

Flat ROCI outcome in FY14 but on track for FY19 target of at least 20%

3

7%

7% constant-currency sales revenue growth

FY15 Expectations

1

onebetter

One Better program to begin to enable overhead reduction for reinvestment in growth initiatives

CHEP

Asset management improvements in CHEP Pallets business to drive ongoing capital efficiencies

Continued expansion of under-penetrated opportunities in developed markets, new products and emerging market expansion to drive sales growth

2

Underlying Profit growth forecast at 7-10% (30 June 2014 foreign exchange rates) and improvements in Return on Capital Invested

3

7-9%

Constant-currency sales revenue expected to be in line with five-year plan

FY15 execution risks and associated mitigating actions

Outlook for muted growth in major economies	⟷	Focus on driving growth from diversification by product, supply chain and geography
Cost pressures throughout the supply chain	⟷	One Better program driving actions on overheads
Rapidly evolving retail supply chains	⟷	Emphasis on innovation and customer collaboration
Dynamic competitive environment	⟷	Reinvigorated sustainability strategy and investment in value proposition

BOARD & EXECUTIVE LEADERSHIP TEAM

BOARD OF DIRECTORS

CHRISTINE CROSS NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in January 2014. Christine is a food scientist by background, having lectured at Edinburgh and Bath Universities for 15 years, prior to joining Tesco. From 1989 to 2003, she held a variety of Director-level roles at Tesco, focusing on own brand, non-food and global sourcing, and international and small format expansion. Christine left Tesco in 2003 and now runs a retail advisory business providing international best practice in customer-led business planning and value chain management. She has previously served on the Boards of Next, Empire Canada, Fairmont Hotel Group Canada and Taylor Wimpey and as Chief Retail Advisor for PricewaterhouseCoopers. Christine currently retains the title of Visiting Professor at Belfast and Hull University Business Schools and holds Non-Executive Directorships with Sonae Group, Woolworths, Kathmandu and Plantasgen. She has a Bachelor of Education, Master of Science in Food Science and a Diploma in Management. Age: 63.

DOUG DUNCAN NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the 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: 63.

TONY FROGGATT NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of the Remuneration Committee and Member of the Nominations Committee

Joined Brambles as a Non-Executive Director in June 2006. He is a Non-Executive Director of Coca-Cola Amatil. Previously, Tony was a Non-Executive Director of AXA Asia Pacific Holdings and Billabong International 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: 66.

TOM GORMAN CHIEF EXECUTIVE OFFICER

Chairman of the 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: 54.

DAVID GOSNELL NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Audit Committee

Re-joined Brambles as a Non-Executive Director in December 2011. He retired from his role as President of Global Supply & Procurement for Diageo plc on 1 July 2014, during which he led 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 will leave Diageo on 31 December 2014. 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. David will become a member of the Nominations Committee on 30 September 2014. Age: 57.

TAHIRA HASSAN NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in December 2011. Tahira is a Non-Executive Director of Recall Holdings Limited and is based in Toronto, Canada. She had a distinguished 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: 61.

STEPHEN JOHNS NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of the Audit Committee and member of the 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. On 30 September 2014, Stephen will become Chairman of the Board and the Nominations Committee and a member of the Remuneration Committee and retire as Chairman and member of the Audit Committee. Age: 67.

CAROLYN KAY NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Audit Committee

Joined Brambles as a Non-Executive Director in June 2006. She is a Non-Executive Director of Commonwealth Bank of Australia, John Swire & Sons Pty Ltd and The Sydney Institute and an External Board Member of Allens. She was also a Non-Executive Director of Infrastructure NSW, Symbion Limited, Mayne Group Limited, Pacific Dunlop Limited, Treasury Corporation of Victoria and Victoria Funds Management Corporation. 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: 53.

GRAHAM KRAEHE AO NON-EXECUTIVE CHAIRMAN (INDEPENDENT)

Chairman of the Nominations Committee and member of the 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. Graham will retire as Chairman of the Board and the Nominations Committee and as a member of the Board, Nominations Committee and Remuneration Committee on 30 September 2014. Age: 71.

BRIAN LONG NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Audit Committee

Joined Brambles as a Non-Executive Director on 1 July 2014. Brian is a Non-Executive Director of Commonwealth Bank of Australia, at which he is Chairman of the Audit Committee, and Ten Network Holdings limited, at which he is Deputy Chairman. He was formerly Ernst & Young's most senior audit partner, retiring in 2010 after 29 years with that firm, at which he was Chairman of both the Global Advisory Council and the Oceania Area Advisory Council (respectively, its worldwide and regional partner governing bodies). Brian is a Fellow of the Institute of Chartered Accountants in Australia and has been a member since 1972. Brian will become Chairman of the Audit Committee on 30 September 2014. Age: 68.

EXECUTIVE LEADERSHIP TEAM

TOM GORMAN CHIEF EXECUTIVE OFFICER

Chairman of the Executive Leadership Team

(See biography on Page 16.)

ZLATKO TODORCEVSKI 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: 46.

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: 55.

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: 48.

WOLFGANG ORGELDINGER GROUP PRESIDENT, RPCs

Became Group President, RPCs in August 2013, having first joined Brambles in March 2011, following the acquisition of IFCO Systems. Wolfgang served as Chief Operating Officer of IFCO from January 2002 to August 2011 and Chief Information Officer, with responsibility for e-logistics and IT, from December 2000 to January 2002. Before joining IFCO, Wolfgang was a member of the Executive Board at Computer 2000, a European IT distributor, and held various executive roles. Prior to that, he worked for nine years in management positions at Digital Equipment. He holds an MBA from the University of Bayreuth, Germany. Age: 57

JASON RABBINO GROUP PRESIDENT, CONTAINERS AND HEAD, GROUP STRATEGY

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. Jason was appointed as Head, Group Strategy on 1 June 2014. Age: 45.

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: 53.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Brambles is a global provider of pooling solutions 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 (Statement) outlines the key components of Brambles' governance framework in place during the year ended 30 June 2014 (Year), by reference to the Australian Securities Exchange Corporate Governance Council (Council) Corporate Governance Principles and 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 at 31 July 2014.

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.

On 27 March 2014, the Council issued the third edition of the Corporate Governance Principles and Recommendations (3CGPR). For Brambles, the 3CGPR take effect for the financial year ending 30 June 2015. During the balance of the Year, the Board adopted various changes to its corporate governance practices, which took effect from 1 July 2014, to take into account the provisions of the 3CGPR. Where applicable, these changes are referred to in this report.

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 on Brambles' website, 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 and, from 30 September 2014, Stephen Johns, 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).

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 Page 18.

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 the Chief Executive Officer and Chief Financial Officer;
- The Group's Diversity Policy; and
- The Board skills matrix.

Having regard to the 3CGPR, amendments to the schedule of matters reserved to the Board were approved by the Board and took effect on 1 July 2014 and include:

- The formalisation of its current practice of conducting a bi-annual review of the effectiveness of the Group's risk management framework including by determining that it is properly identifying risks, their materiality and mitigation steps for them;
- Where appropriate, ratifying the appointment and termination of other senior executives; and
- Overseeing the integrity of the Group's reporting systems for the Directors', corporate governance, sustainability and remuneration reports and other significant statements to the press, stock exchange and/or shareholders relating to those reports.

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 on Brambles' website. From time to time, the Board establishes Special Committees to consider and approve specific matters. The Board is 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 on Brambles' website.

Senior executives have employment contracts setting out, among 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' strategic objectives and its 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 10 members, with one Executive Director (the Chief Executive Officer) and nine Non-Executive Directors. On 30 June 2014, Brian Schwartz and Luke Mayhew retired as Non-Executive Directors. Graham Kraehe will retire as Chairman and a Non-Executive Director on 30 September 2014.

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 Board the range of skills, knowledge and experience essential to govern Brambles, including an understanding of the health, safety, environmental and community-related issues it faces. The Board considers that its current composition, and its composition after Mr Kraehe's retirement from the Board on 30 September 2014, reflects an appropriate balance of Executive and Non-Executive Directors. The table on Page 21 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 retire and seek election or re-election at the 2014 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 matters set out in Box 2.1 of the CGPR and also to the additional matters referred to in Box 2.3 of the 3CGPR. It noted that three of those matters exist.

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.

Substantial Shareholder

Carolyn Kay and Brian Long are directors of the Commonwealth Bank of Australia (CBA), which, during the Year, was a substantial shareholder of Brambles holding between 5.03% and 6.35% of its issued share capital. The Board does not consider that Carolyn Kay's or Brian Long's relationship with CBA gives rise to any actual or perceived loss of independence on their part because of the number of shares held by CBA and the manner in which CBA's relevant interests in Brambles shares are held, namely principally by related bodies corporate of CBA which are either: 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.

Tenure

Stephen Johns has served as a director for 10 years, having been appointed in April 2004. The Board believes that the interests of all stakeholders are best served if its composition includes a blend of experience and tenure among Directors. This is particularly the case with Brambles due to its geographic spread, its complex business models and the accounting issues to which these give rise.

The Board is of the view that throughout his tenure Mr Johns has made a significant contribution to the general work of the Board, as Chairman of the Audit Committee and as a member of the Nominations Committee. The Board believes that his deep knowledge of the Group's businesses, his broad international business experience and public company director skills will continue to add value to the Board, particularly as he takes up the role as Chairman from 30 September 2014.

The Board considers that Mr Johns has always maintained absolute independence as a Non-Executive Director of Brambles, that he will continue to do so as Chairman and that he has not formed associations with the Group's management or businesses that might compromise his ability to exercise independent judgment or to act in the best interest of the Group as a whole. The Board does not believe, therefore, that Mr Johns' length of service on the Board will materially interfere with his ability to exercise independent judgment or to act in the best interests of the Group.

Name	Year appointed[1]	Year last elected	Executive or Non-Executive	Independent	Seeking election/ re-election at 2014 AGM[2]	Next due for re-election[2]
C Cross	2014	N/A	Non-Executive	Yes	Yes	N/A[3]
D Duncan	2012	2012	Non-Executive	Yes	No	2015
T Froggatt	2006	2013	Non-Executive	Yes	No	2016
T Gorman	2009	2010	Executive	No	No	N/A[4]
D Gosnell	2011[5]	2013	Non-Executive	Yes	No	2016
T Hassan	2011	2012	Non-Executive	Yes	Yes	2014
S Johns	2004	2012	Non-Executive	Yes	Yes	2014
C Kay	2006	2012	Non-Executive	Yes	No	2015
G Kraehe	2005[6]	2012	Non-Executive	Yes	No	N/A[7]
B Long	2014	N/A	Non-Executive	Yes	Yes	N/A[3]

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 that may conflict with their office as a Director of Brambles or the interests of Brambles, Directors are required to disclose the character and extent of that conflict 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 Australian Securities Exchange 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 current Chairman is independent and that his other positions do not prevent him from devoting sufficient time to perform the role effectively. The Board also believes that the Chairman elect, Mr Johns, will also be independent (see Section 2.1.2) and that his other positions will not prevent him from devoting sufficient time to perform that role effectively. As both the current Chairman and the Chairman elect are 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 on Brambles' website. 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. Mr Kraehe will retire as Chairman and a member of the Nominations Committee on 30 September 2013 (when he retires from the Board). Mr Johns will become Chairman and David Gosnell will become a member of the Nominations Committee on 30 September 2014.

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 52.

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

[1] For the purposes of this table, the year appointed is the year the relevant Director was appointed to the Boards of Brambles or BIL and BIP.
[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] Appointed to the Board since the last shareholders' meeting. Will stand for election for the first time at the 2014 AGM and, if elected, will be due for re-election at the 2017 AGM.
[4] 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.
[5] David Gosnell served as a Director from 2006 to 2010, and was re-appointed to the Board in 2011.
[6] Graham Kraehe served as a Director from 2000 to 2004, and was re-appointed to the Board in 2005.
[7] Graham Kraehe will retire as a Director on 30 September 2014.

of Brambles, both executive and non-executive, with a view to ensuring the continued ability of Brambles to compete effectively;
- 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.

Having regard to the 3CGPR, the Nominations Committee Charter was amended with effect from 1 July 2014 to include within the Board selection process a requirement for the Committee to cause appropriate checks to be carried out on Director candidates and for the checks to include the candidate's character, experience, education, criminal record and bankruptcy history.

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

The Board is conscious of the need to ensure 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 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 to time to meet Brambles' ongoing needs. During the Year, the Nominations Committee carried out a review of the Board skills matrix and recommended to the Board that no changes were required. The Board subsequently reviewed the matrix and adopted the Nominations Committee's recommendation.

The appointment of two new Directors (Christine Cross and Brian Long) during the Year balanced the retirements of Brian Schwartz and Luke Mayhew on 30 June 2014. The Board considers that, having regard to the Board skills matrix, the current composition of the Board is, and will after Mr Kraehe's retirement on 30 September 2014, contain an appropriate balance of skills and experience.

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 that may impact 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 52.

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. This process was carried out for those Directors standing for re-election at the 2014 AGM.

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. With the exception of Doug Duncan, 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 21. Because the two new Directors appointed during the Year will stand for election at the 2014 AGM, to maintain an even number of Non-Executive Directors standing for re-election at the next three AGMs, the eligibility of Doug Duncan to stand for re-election was deferred to the 2015 AGM, being three years since his most recent election.

The Non-Executive Directors' formal letters of appointment confirm that the Non-Executive Directors have no right to compensation on 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 the Directors standing for re-election at the 2014 AGM was carried out. Having regard to the results of those reviews, the Board unanimously resolved to recommend the election or re-election, as the case may be, of each

Non-Executive Director standing for election or re-election at the 2014 AGM. Details of those Directors standing for election or re-election are set out in the table in Section 2.1.2 on Page 21.

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 52.

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;
- Anti-Bribery and Corruption Policy;
- Supplier Policy;
- Risk Management;
- Guidelines for Document Management; and
- Social Media Policy.

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 Brambles' website.

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 a Diversity Policy, which forms part of Brambles' Code of Conduct. 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, among 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 includes the following as Board responsibilities:

- Determining measurable objectives for achieving gender diversity and annually assessing both the objectives and the progress towards achieving them; and
- Annually reviewing and reporting 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 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 monitored through the bi-annual talent management process.
- Gender – Brambles believes 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 2014, women comprise 30% of Brambles' Board and 25% of its management (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 ELT and management positions by 30 June 2015. At the time these targets were set, the integration into the Group of the recently acquired IFCO, Paramount Pallet and CHEP Aerospace Solutions 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 financial year, the measurable objective of having women represent 30% of management positions was 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 2014 was as follows:

	2018 Objective[8]	% Females at 31 July 2014[9]	% Females at 31 July 2013[9][10]
Board	30%	30%	20%
Executive Leadership Team	30%	14.3%	12.5%
Senior Vice President	30%	25%	15.6%
Vice President	30%	10.9%	11.7%
Director	30%	21.6%	21.3%
Manager	30%	25.7%	26.8%

Further information on diversity is included in the Diversity & Inclusion section of the 2014 Sustainability Review, which will be available on Brambles' website in late October 2014.

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 on

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

[9] The percentages for senior vice president, vice president, director and manager exclude the employees of IFCO Latin America which has not yet completed the banding classification process into those categories. This is expected to be completed during the FY15 year.

[10] The percentages for senior vice president, vice president, director and manager include Recall but exclude the employees of IFCO RPCs and Paramount Pallets which had not yet completed the banding classification process into those.

Brambles' website), 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 steps to be taken.

Having regard to the 3CGPR, the Audit Committee Charter was amended with effect from 1 July 2014 to include as one of its objectives the review of the effectiveness of the management of the Group's material risks.

4.2 STRUCTURE OF THE AUDIT COMMITTEE

4.2.1. Composition of the Audit Committee

The Audit Committee has five members and is chaired by Stephen Johns, an independent Director. Mr Johns will retire as the Chairman and a member of the Audit Committee on 30 September 2014, when he takes up the role of Board Chairman. Brian Long will become Chairman of the Audit Committee on 30 September 2014.

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 2014, 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. Stephen was a member of the Committee throughout the Year and will retire as the Chairman and a member of the Committee on 30 September 2014, when he takes up the role of Chairman of the Board.
- 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, 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. He holds a Bachelor of Science degree in Business Administration from Christopher Newport University, Virginia. He was a member of the Committee throughout the Year.
- David Gosnell was President of Global Supply & Procurement for Diageo plc until 1 July 2014, 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. Prior to joining Diageo, he 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. He was a member of the Committee throughout the Year.
- 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. She 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. She was a member of the Committee throughout the Year.
- Brian Long is a Non-Executive Director of Commonwealth Bank of Australia and the Chairman of its Audit Committee. He is a Non-Executive Director and Deputy Chairman of Ten Network Holdings Limited and member of both its Audit and Remuneration Committees. Brian had a longstanding international career with Ernst & Young where he was a partner from 1981 to 2010 and was the firm's most senior audit partner for many years. He is a Fellow of the Institute of Chartered Accountants in Australia and a past member of the Canadian Institute of Chartered Accountants. Brian became a member of the Committee on 1 July 2014 and will become its Chairman on 30 September 2014.

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 and 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 on Brambles' website.

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

Having regard to the 3CGPR, the Audit Committee Charter was amended with effect from 1 July 2014 to include as one of its responsibilities the review of the effectiveness of the management of the Group's material risks by reviewing regular risk reports on the implementation and effectiveness of risk mitigation steps and by assessing whether internal audit plans are addressing material risks.

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 52. Audit Committee papers are provided to all Directors and minutes of meetings are included in the papers for subsequent Board meetings. There is an open invitation for all Directors to attend Audit Committee meetings. Directors who are not members of the Audit Committee receive a specific invitation for Committee meetings at which the half and full-year financial statements are considered and significant accounting issues are reviewed including the Irrecoverable Pooling Equipment Provision.

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 auditor 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 enable trading in its securities to occur 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 its website;
- Brambles conducts investor and analyst briefings as a part of its investor relations program. 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 its website; 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 on Brambles' website.

5.1.1. Commentary on financial results

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

A review of operations and activities for the Year is included on Pages 3 to 15. 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 its website.

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 Page 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 on Brambles' website.

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 its website. On release, significant announcements are highlighted in the Latest News area on the website's homepage.

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 Brambles' website after release. General meetings and, where possible, briefings are webcast live on Brambles' website. All of the ASX regulatory releases and notices of meetings Brambles Limited has published since it was listed in December 2006, as well as all webcasts since that time, are available on Brambles' website.

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 Brambles' website, 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 on the homepage of Brambles' website. Users of the email alerts service may customise the types of announcements 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 its website. 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

During the Year, the Board was responsible for approving and reviewing the effectiveness of the Group's system of internal control and risk management. 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.

The Board has implemented some changes to the manner in which it oversees risk having regard to the 3CGPR. With effect from 1 July 2014:

- The Board will maintain responsibility for approving and reviewing the effectiveness of the Group's system of internal control and risk management;
- The Board's bi-annual review of the effectiveness of the Group's risk management framework will include determining that it is properly identifying risks, their materiality and mitigation steps for them; and
- The Audit Committee will be responsible for reviewing the effectiveness of the management of the Group's material risks by reviewing regular risk reports on the implementation and effectiveness of risk mitigation steps and by assessing whether internal audit plans are addressing material risks.

Unless otherwise specified, the discussion in Section 7 reflects the policies, practices and procedures for the Year.

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 for the Year and from 1 July 2014 are described above and 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;
- 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 and 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 on a regular basis of the risk profile of the relevant business unit, or of Headquarters, as the case may be. 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. (From 2 September 2014, a new role, Group Vice President Risk & Assurance, will commence at Brambles and will be responsible for the risk management function.) 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. Having regard to the 3CGPR, with effect from 1 July 2014, the RCCs will also assess the economic, social and environmental sustainability risks within their respective areas of responsibility.

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 periodically reviewed by internal audit as part of the FY14 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.

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 that:

- 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 and 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 on Brambles' website.

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 Director(s) 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 Director(s) 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 that allow awards at other times; approving total proposed awards under each plan; approving awards to Executive Director(s); 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

In discharging its responsibilities, the Remuneration Committee applies Brambles' Remuneration Policy, which requires that remuneration is structured to be consistent with Brambles' strategic business objectives. Brambles' Remuneration Policy can be found in the Directors' Report – Remuneration Report on Pages 34, 35 and 45.

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. Tony Froggatt, Luke Mayhew, Tahira Hassan, Graham Kraehe and Brian Schwartz were members of the Remuneration Committee throughout the Year. Christine Cross was a member of the Remuneration Committee from 1 April 2014. Brian Schwartz retired as a member of the Committee on 30 June 2014 (when he retired from the Board). Mr Kraehe will retire as a member of the Remuneration Committee on 30 September 2014 (when he retires from the Board). Mr Johns will become a member of the Remuneration Committee on 30 September 2014.

Mr Mayhew retired as Chairman of the Remuneration Committee with effect from the end of the 2013 AGM and retired from the Committee (and the Board) on 30 June 2014. Mr Froggatt replaced Mr Mayhew as Chairman. 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 52.

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 34, 35 and 45.

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 52.
	- 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 - the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee - the board's policy for the nomination and appointment of directors	www.brambles.com See "Corporate Governance", "Charters & Related Documents", "Nominations Committee Charter"

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:	
	- any applicable code of conduct or a summary - the diversity policy or a summary of its main provisions	www.brambles.com See "Corporate Governance"
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:	
	- 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 52.
	- 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:	
	- 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", "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", "Brambles Code of Conduct" (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).

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 34, 35 and 55.
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 52.
	- 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 unvested entitlements under any equity-based remuneration schemes	www.brambles.com See "Corporate Governance", "Brambles Code of Conduct" (which incorporates the Securities Trading Policy as Schedule 9).

REMUNERATON COMMITTEE CHAIRMAN'S NOTE

In May 2014, I took the opportunity to meet with a number of our largest domestic and international institutional shareholders, the Group's three largest superannuation fund investors and the four leading proxy advisory firms. It was pleasing that the overall feedback was that investors and corporate governance firms are supportive of Brambles' remuneration policy. There is also an appreciation for the strong alignment of incentive structures with business strategy.

Remuneration for senior executives in FY14 reflected another year of strong Brambles results, as shown below:

Financial measure	FY14 result (US$M)	Change from FY13 (constant FX)
Sales revenue	5,404.5	7%
Operating profit	929.5	5%
Profit after tax	584.5	4%
Total shareholder return (3 years to 30 June 2014):	58.5%[1]	

Where roles remained unchanged, salary increases in the Year for the ELT were between 0% and 3%, with the exception of one executive, who received a 5% increase. Annual Short-Term Incentive (STI) cash awards for continuing Executive Leadership Team (ELT) executives ranged from 50% to 60% of base salary. These STI outcomes were driven by Brambles' financial performance and by executives' achievement of specific personal objectives. Brambles' performance over the three years to FY14 triggered 51.6% of Long Term Incentive (LTI) awards granted in FY12 to vest.

Although total salaries and benefits remained largely constant year on year, there was an increase in the number of share awards that vested in FY14. The reasons for this were as follows:

- There was a change in the vesting period for deferred STI share awards from three years to two years as approved by Brambles' shareholders at the 2011 annual general meeting (AGM). This resulted in a one-off situation whereby the STI share awards granted during FY11 and FY12 both vested during FY14.
- Shares granted to IFCO senior executives at the time of the acquisition of IFCO in FY11 vested on 30 June 2014.
- Two tranches of sign-on share rights granted to Chief Financial Officer Zlatko Todorcevski vested during FY14.
- A higher level of share vesting of LTI share rights for other executives reflected the Brambles' relative total shareholder return (TSR) over the three-year period. Over the same three-year period, Brambles' share price increased from $6.75 to $9.63.

There were some changes to the ELT in 2014. Following completion of the Recall demerger in December 2013, Group President, Recall, Doug Pertz, was no longer employed by Brambles. Karl Pohler, Group President, RPCs retired in September 2013 and was replaced by Wolfgang Orgeldinger, the former Chief Operating Officer of RPCs. On 1 June 2014, Jason Rabbino's role expanded to include responsibility for Group Strategy. His new role is Group President, Containers and Head, Group Strategy. His salary was reviewed with effect from 1 June 2014 to reflect his additional responsibilities.

The Board Chairman's fee and other Non-Executive Director base fees increased by 3% as a result of an annual fee review conducted in January 2014. There was no increase to Committee fees for the Audit and Remuneration Committees and no changes to travel allowances in the Year.

During the Year, the Remuneration Committee carried out its annual review of the Brambles' remuneration strategy, structure and policy including share-based incentive plans. The Committee concluded that the current approach continues to strongly align executives' interests with those of the Company and its shareholders. Therefore, no changes to Brambles' remuneration policy are proposed in the coming year.

Tony Froggatt

Non-Executive Director & Chairman of the Remuneration Committee

CONTENTS

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 Group's activities. This has been defined as those who, for some or all of the year ended 30 June 2014 (the Year), were members of the ELT.

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

This report includes all disclosures required by the Corporations Act 2001 (Cth) (the Act), regulations made under the 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 senior executives.

During the Year, members of the Committee were Luke Mayhew (Committee Chairman until the 2013 AGM), Tony Froggatt (Committee Chairman from the 2013 AGM), Graham Kraehe, Tahira Hassan and Brian Schwartz, with Christine Cross joining the Committee on 1 April 2014. 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 remuneration advisor, Ernst & Young.

During the Year, the Committee held six meetings. 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.

[1] For the purposes of remuneration, Brambles uses Orient Capital, an independent third party, to calculate total shareholder return. Orient Capital makes adjustments to take account of changes to capital structure during a performance period. In FY14, these adjustments served to ensure that Brambles' Key Management Personnel were not remunerated on the basis of the performance of Recall Holdings Limited after the demerger in December 2013.

3. REMUNERATION POLICY & STRUCTURE

The Board has adopted a remuneration policy for the Group. This policy 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 FY14, 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 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 with 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 2014. 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 will achieve maximum potential remuneration only when they meet challenging objectives in terms of Brambles' overall financial performance, returns for shareholders and strategic objectives. The proportion of Disclosable Executives' comprising At Risk Remuneration is illustrated in Section 3.3.

Brambles' At Risk Remuneration is provided by way of three types of annual incentive awards: an STI cash award, an STI share award (the number of shares in which is determined by the size of the STI cash award) and an 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 Diagram 3.1 below. The application of the At Risk element of remuneration is further described in Section 4.

3.2. REMUNERATION & THE LINK TO BUSINESS STRATEGY

Brambles' business strategy is to set out in the Operating & Financial Review on Pages 3 and 4. The remuneration policy supports the delivery of this strategy by:

- **Focusing business performance on profitable growth, the efficient use of capital and the generation of cash:** Profitable growth is emphasised 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 revenue targets with BVA hurdles as the performance conditions that must be satisfied for half of all 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.
- **Recruiting and retaining 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.
- **Setting goals linked to implementation of the growth strategy**: 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.
- **Achieving sustainable returns for shareholders:** 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 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 BVA, TSR and CAGR measurements and the methods by which they are calculated are included in the Glossary beginning on Page 126.

3.1.1. Features of Fixed & At Risk Remuneration

FIXED REMUNERATION

Fixed remuneration consists of base salary, superannuation and benefits.

AT RISK REMUNERATION

LTI SHARE AWARD

Size of grant calculated as percentage of salary and based on:

- TSR performance against the ASX100 median-ranked company. (Vesting starts at median with full vesting for outperformance of median by 25%); and
- Sales revenue compound annual growth rate with BVA hurdle.

Awards subject to performance testing at end of three years (see Section 4.2 for details).

STI CASH AWARD

Size determined by performance against Key Performance Indicators including BVA, cash flow and Strategic Personal Objectives (see Section 4.1 for details).

STI SHARE AWARD

Size derived from size of STI cash award.

Awards vest subject to continued employment at second anniversary of grant (see Section 4.1 for details).

3.3. REMUNERATION MIX FOR DISCLOSABLE EXECUTIVES

Brambles' executive remuneration mix is strongly linked to performance. At Risk Remuneration represents 71% to 76% of Disclosable Executives' maximum potential remuneration.

Chart 3.3.1 below illustrates the level of actual remuneration received by Disclosable Executives compared with maximum potential remuneration. Maximum potential remuneration is the Disclosable Executive's base salary plus his or her STI cash and STI share awards assuming the maximum level of performance (see Section 4.1) and full vesting of all LTI share awards.

The respective columns of Chart 3.3.1 labelled Actual comprise:

- Base salary: this is fixed remuneration for FY14;
- STI cash: this represents the STI cash award received in respect to FY14 performance (see Section 4.1);
- STI shares: this is the STI share award earned in respect to FY14 performance, the vesting of which is deferred until FY16 (see Section 4.1); and
- LTI shares: this shows the proportion of the FY12-FY14 LTI share awards that will vest in respect to the 3-year LTI performance period to 30 June 2014 (see Section 4.2).

The Potential column represents the maximum value of each element of remuneration for FY14 that could have been received in each case by the individual Disclosable Executive.

3.4. SECURITIES TRADING POLICY & INCENTIVE AWARDS

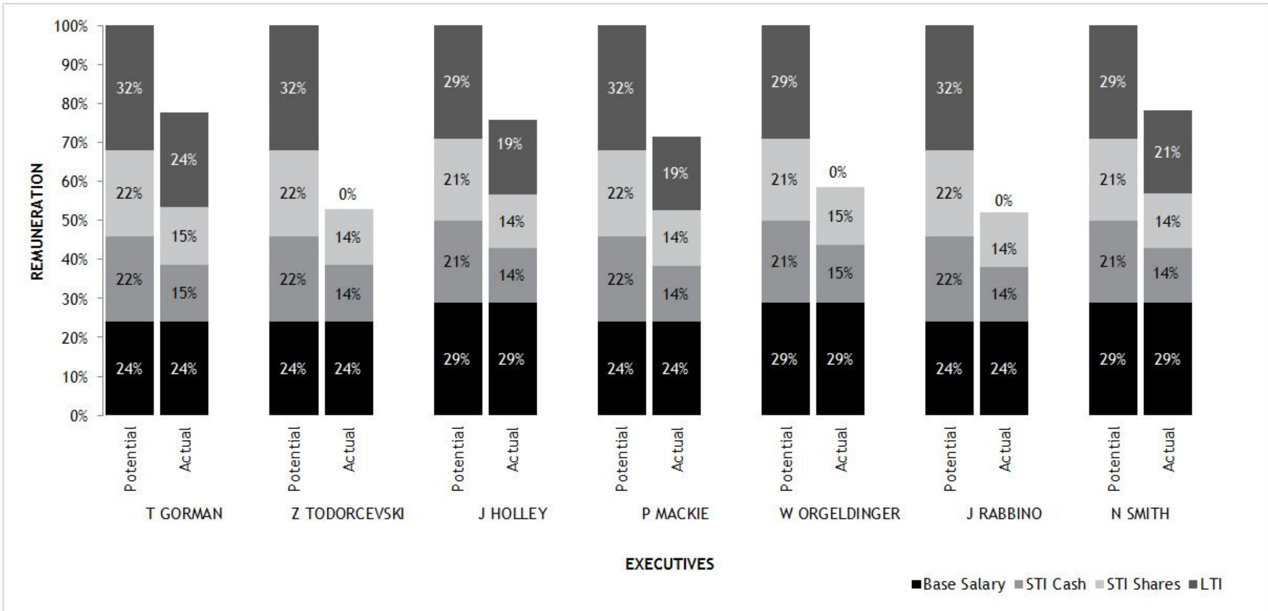
Brambles' Securities Trading Policy applies to awards granted under the incentive arrangements described above. That policy prohibits designated persons (including all Disclosable Executives) from acquiring financial products or entering into arrangements that have the effect of limiting exposure to 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.

3.5. CLAW-BACK

The rules of Brambles' 2006 Performance Share Plan (2006 Share Plan) include a clawback provision. Under this provision, the Board may cancel any Award that has been granted but which has not vested, if the Board reasonably considers that the participant has engaged or participated in conduct that adversely affects, or is likely to adversely affect, the Company's financial position or reputation. Such conduct includes, but is not limited to, any misrepresentation, material misstatements of the Company's financial position as a result of error or omission, and negligence.

3.3.1 Actual vs. Potential Remuneration



4. PERFORMANCE OF BRAMBLES & AT RISK REMUNERATION

Brambles' remuneration policy is directly linked to the Company's financial performance, the creation of shareholder wealth and the delivery of 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 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 shows 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. Fifty per cent 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.

4.1.1. Financial KPIs

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

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.

STI financial KPIs chosen for the Year were BVA and Cash Flow from Operations plus for the Chief Executive Officer and Chief Financial Officer, profit after tax (PAT). For the Group President, Pallets, the Group President, RPCs (appointed in October 2013), KPIs were Brambles' and the respective operating segment's BVA and Cash Flow from Operations. The Group President, Containers, had the same KPIs except that Containers' sales revenue growth replaced that segment's BVA. The STI incentives for the former Group President, RPCs, Karl Pohler, were based on the IFCO STI plan in place at the time Brambles acquired IFCO. This provided 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). He did not participate in Brambles' STI share award incentives. The Group President, Recall, did not participate in Brambles' STI or LTI share awards for the Year. His STI plan was based on EBITDA (55% of total STI opportunity) and Cash Flow (25% of total STI opportunity). The remaining 20% of his total STI opportunity was based on Non-financial KPIs including Safety and Customer metrics.

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 (when performance targets have been met); and
- Maximum (when targets have been significantly exceeded and the related rewards have reached their upper limit).

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

KPIs[2]	Level of performance achieved during the Year[3]
Brambles BVA	Achieved Target
Brambles PAT	Achieved Target
Brambles Cash Flow from Operations	Achieved Target
Pallets BVA	Achieved Target
Pallets Cash Flow from Operations	Achieved Target
Containers Sales	Between Threshold and Target
Containers Cash Flow from Operations	Achieved Target
IFCO BVA	Below Threshold
IFCO Cash Flow from Operations	Achieved Target

4.1.2. Non-financial KPIs

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

- Brambles' safety is measured by Brambles Injury Frequency Rate (BIFR)[4]. BIFR targets for each operating segment 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, 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 initiatives allocated to individual ELT members: for example, new business acquisitions, product and service expansion and entry into new geographies.
- Customer satisfaction and retention are mainly measured using Net Promoter Score[5], for which targets are set and performance is measured each year.
- People and talent management metrics relate to the development of future leaders in Brambles as well as succession planning for critical roles.

[2] Definitions of BVA, PAT, Cash flow from Operations and EBITDA measurements and the methods by which they are calculated are included in the Glossary beginning on Page 126.

[3] Financial targets set for FY15 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.

[4] A definition of BIFR is included in the Glossary on Page 126. Reporting of the Group's BIFR performance is included in the Safety section of the Operating & Financial Review on Page 6.

[5] An explanation of the Group's use of Net Promoter Score is included in the 2014 Sustainability Review, which will be published on Brambles' website in October 2014.

The following table summarises the components and weighting of KPIs for STI cash awards for Disclosable Executives other than former Group President, RPCs, Karl Pohler, and former Group President of Recall, Doug Pertz:

Disclosable Executive	Financial KPIs					Non-Financial KPIs
	Group BVA	Segment BVA/ sales	Group PAT	Group cash flow	Segment cash flow	
CEO, CFO	30%	-	20%	20%	-	30%
Group Presidents: Pallets, RPCs, Containers	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:

4.1.3. Actual STI Cash Payable & Forfeited for FY14

Name	% of maximum STI cash payable	% of maximum STI cash forfeited
DISCLOSABLE EXECUTIVES		
T Gorman	67%	33%
Z Todorcevski	66%	34%
J Holley	66%	34%
P Mackie	65%	35%
W Orgeldinger	59%	41%
J Rabbino	64%	36%
N Smith	66%	34%
FORMER DISCLOSABLE EXECUTIVES		
D Pertz	N/A	N/A
K Pohler[6]	8%	92%

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

4.2. LTI SHARE AWARDS

As outlined in Section 3.1, Disclosable Executives have the opportunity to receive equity in the form of LTI share awards. Vesting occurs three years from the date of award and is subject to satisfaction of performance conditions (explained in Section 4.2.1) 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 that apply to each of the awards are set out in Sections 9.2 and 9.3.

The awards are governed by the 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 of those rules, there is no accelerated vesting in the case of terminations (except where a portion is deemed to vest early to satisfy a tax liability on share awards which arises as a consequence of termination) 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' objective of creating and sustaining profitable growth. To allow a focus on shareholder value and profitable growth, 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 that 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, excluding Recall, which was demerged on 18 December 2013.

As indicated in Brambles' 2013 Remuneration Report, the Committee has restated the FY14-FY16 LTI performance matrix by excluding sales revenue and BVA performance targets ascribed to Recall in establishing the original LTI performance matrix.

As a policy principle, the Committee takes into account major acquisitions or divestments during a Performance Period in determining the final outcome of the CAGR/BVA matrix for that period. Where there are acquisitions or divestments that are not material to the overall outcome, these are excluded from any performance assessment.

4.2.2. CAGR/BVA LTI performance matrix for FY14 to FY16

Vesting %	Cumulative three-year BVA at fixed 30 June 2013 FX rates (US$M)		
Sales revenue CAGR[7]	800	1,000	1,200
4%	-	20%	40%
5%	20%	40%	60%
6%	40%	60%	80%
7%	60%	80%	100%
8%	80%	100%	100%
9%	100%	100%	100%

The sales revenue CAGR provides for half-point vesting between the percentages shown if the sales revenue outcome is more than halfway 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 70%. There is no half point vesting scale between the respective BVA hurdles.

4.2.3. Performance of LTI Share Awards under the 2006 Share Plan

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

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

[7] Three-year CAGR over base year is used.

Level of vesting of LTI share awards based on TSR performance

Awards made during	Performance condition	Start of performance period	Out-performance of median company's TSR[8]	Vesting triggered (% of original award): period prior to 30 June 2013
FY10	Relative TSR	1 July 2009	6.3 percentage points	55.1% LTI TSR Award
FY11	Relative TSR	1 July 2010	30.3 percentage points	100% LTI TSR Award
FY12	Relative TSR	1 July 2011	18.0 percentage points	83.3% LTI TSR Award

The following table provides similar details for awards that have yet to be tested. The proportion of these shares which vest, if any, will depend on Brambles' TSR performance for the applicable performance period:

Awards made during	Performance condition	Start of performance period	Out-performance of median company's TSR[8] (%)	Period to 30 June 2014: vesting if current performance is maintained until earliest testing date (% of original award)
FY13	Relative TSR	1 July 2012	14.9 percentage points	75.83% LTI TSR awards
FY14	Relative TSR	1 July 2013	3.0 percentage points	47.25% 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 that have been tested.

Awards made during	Performance condition	Start of performance period	Vesting triggered (% of original award): prior period and period to 30 June 2013	Vesting triggered (% of original award): period to 30 June 2014
FY10	Sales revenue CAGR/BVA	1 July 2009	30.0% LTI sales revenue CAGR/BVA awards	N/A
FY11	Sales revenue CAGR/BVA	1 July 2010	30.0% LTI sales revenue CAGR/BVA awards	N/A
FY12	Sales revenue CAGR/BVA	1 July 2011	N/A	20.0% 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. The proportion of these shares which vest, if any, will depend on Brambles' CAGR and BVA performance for the applicable performance period:

Awards made during	Performance condition	Start of performance period	Period to 30 June 2014 vesting if current performance is maintained until earliest testing date (% of original award)
FY13	Sales revenue CAGR/BVA	1 July 2012	30.0% LTI sales revenue CAGR/BVA awards
FY14	Sales revenue CAGR/BVA	1 July 2013	40.0% LTI sales revenue CAGR/BVA awards

Total level of vesting of LTI share awards

The combined vesting of the two LTI components for 2012, 2013 and 2014 is shown below.

Awards made during	Start of performance period	End of performance period	Total vesting (TSR and sales revenue CAGR/BVA combined)
FY10	1 July 2009	30 June 2012	42.6%
FY11	1 July 2010	30 June 2013	65.0%
FY12	1 July 2011	30 June 2014	51.6%

[8] Percentage out-performance of the median company's TSR against the S&P/ASX100 Index.

5. EMPLOYEE SHARE PLAN

MyShare was launched in October 2008 and was developed as a vehicle to encourage share ownership and retention across the Group. Employees may buy up to A$5,000 of shares each year, which the Company matches on a one for one basis after a two-year qualifying period (Matching Awards).

Total share ownership of Brambles by over 3,000 MyShare participants is now 2,462,205 shares which represents 0.16% of Brambles' total share capital.

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

6. EXECUTIVE DIRECTORS & DISCLOSABLE EXECUTIVES

6.1. EXECUTIVE DIRECTOR CHANGES

There was no change to Brambles' Executive Directors during the Year.

6.2. OTHER DISCLOSABLE EXECUTIVE CHHANGES

Following the completion of the demerger of Recall on 18 December 2013, Doug Pertz, Group President, Recall, ceased to be employed by the Group. Karl Pohler, Group President, RPCs, retired on 30 September 2013. He was replaced on 1 October 2013 by Wolfgang Orgeldinger, formerly Chief Operating Officer, RPCs. On 1 July 2014, Jason Rabbino's role expanded to include responsibility for Group strategy. His new title is Group President, Containers and Head, Group Strategy.

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 state that any termination payments made would be reduced by any value to be received under any new employment.

Other than Peter Mackie[9], executives remunerated on a base salary approach receive pension contributions of 15% of base salary. Pension amounts in excess of the tax threshold can be taken as a cash allowance which is reported under 'Cash/Salary/Fees' in Table 6.4.

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 2012, received a sign-on grant of 214,213 Brambles share rights. This was an amount equal 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, 95,750 of those rights vested. Vesting of these share rights is subject to Mr Todorcevski's continuing employment with Brambles.

On 30 June 2014, Mr Orgeldinger's Brambles share grant of 195,389 shares vested. These shares were granted to him in March 2011 as part of the IFCO acquisition.

6.3.1. Contract Terms for Disclosable Executives

Name and role(s)	Base salary at 30 June 2014 unless indicated
DISCLOSABLE EXECUTIVES	
T Gorman, CEO	A$2,122,000
Z Todorcevski, CFO	A$1,081,500
J Holley, Chief Information Officer	US$450,000
P Mackie, Group President, Pallets	£437,750
W Orgeldinger, Group President, RPCs (from 1 October 2013)	€630,000
J Rabbino, Group President, Containers and Head, Group Strategy	US$675,000
N Smith, Group Senior Vice President, Human Resources	A$654,050
FORMER DISCLOSABLE EXECUTIVES	
D Pertz, Group President, Recall (until 18 December 2013)	US$900,000
K Pohler, Group President, RPCs (until 30 September 2013)	€850,000

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

6.4. TOTAL REMUNERATION & BENEFITS FOR THE YEAR

The purpose of the table below is to enable shareholders to understand the actual remuneration received by Disclosable Executives. The table 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 LTI share awards made in FY11 and STI awards made in FY11 and FY12. (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 Remuneration Report for the relevant year).

(US$'000)		Short-term employee benefits			Post-employment benefits	Other		Actual share income		
Name	Year	Cash/ salary/ fees	Cash bonus	Non-monetary benefits[10]	Super-annuation	Termination/ sign-on payments/ retirement benefits	Other	Total before equity	STI/LTI awards	Total
EXECUTIVE DIRECTORS										
T Gorman[11]	**FY14**	**2,322**	**1,167**	**140**	**-**	**-**	**16**	**3,645**	**4,112**[12]	**7,757**
	FY13	2,322	1,210	180	-	-	18	3,730	1,101	4,831
DISCLOSABLE EXECUTIVES										
Z Todorcevski[11]	**FY14**	**1,156**	**586**	**14**	**23**	**-**	**4**	**1,783**	**807**	**2,590**
	FY13	955	503	10	26	306	-	1,800	674	2,474
J Holley	**FY14**	**468**	**223**	**-**	**60**	**-**	**16**	**767**	**279**	**1,046**
	FY13	454	216	152	59	-	17	898	204	1,102
P Mackie[11]	**FY14**	**811**	**420**	**-**	**42**	**-**	**28**	**1,301**	**1,472**[12]	**2,773**
	FY13	761	349	52	21	-	25	1,208	193	1,401
W Orgeldinger[11]	**FY14**	**642**	**452**	**31**	**7**	**-**	**5**	**1,137**	**1,685**	**2,822**
	FY13	-	-	-	-	-	-	-	-	-
J Rabbino	**FY14**	**594**	**387**	**-**	**75**	**-**	**16**	**1,072**	**-**	**1,072**
	FY13	563	268	-	53	-	15	899	-	899
N Smith[11]	**FY14**	**711**	**297**	**-**	**23**	**-**	**2**	**1,033**	**1,346**[12]	**2,379**
	FY13	778	303	-	26	-	-	1,107	359	1,466
FORMER DISCLOSABLE EXECUTIVES										
D Pertz[11]	**FY14**	**464**	**624**	**15**	**10**	**-**	**-**	**1,113**	**-**	**1,113**
	FY13	253	333	-	-	-	1	587	-	587
K Pohler[11]	**FY14**	**289**	**239**	**9**	**2**	**583**	**3**	**1,125**	**2,378**	**3,503**
	FY13	1,100	219	35	9	-	5	1,368	-	1,368
Totals	**FY14**	**7,457**	**4,395**	**209**	**242**	**583**	**90**	**12,976**	**12,079**	**25,055**
	FY13	7,185	3,402	429	192	306	82	11,597	2,530	14,127

[10] Non-monetary benefits include car parking, motor vehicles, personal/spouse travel, club membership and fringe benefit tax.

[11] The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$1.0212 and €1=US$1.2939 and £1=US$1.5667 for FY13 to A$1=US$0.9142, €1=US$1.3587 and £1=US$1.6331 respectively for FY14.

[12] At the 2011 AGM, shareholders approved a change in the vesting period for STI share awards from three years to two years. This resulted in a one-off situation whereby STI awards granted during FY11 and FY12 both vested during FY14. Therefore, the amounts shown include STI awards made in both FY11 and FY12.

6.5. EQUITY-BASED AWARDS

The following table shows details of equity-based awards made to 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 21 to 23). 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 40 to 52). In accordance with the rules of the 2006 Share Plan and the MyShare Plan, the number of unvested or vested but unexercised awards granted under those plans as at the date of the demerger of the Recall business were adjusted to reflect the diminution in value of Brambles' shares as a result of the demerger of the Recall business. These are referred to as "Demerger adjusted" in the table below.

Name	Type of award	Number	Value at grant (US$'000)[13]
DISCLOSABLE EXECUTIVES			
T Gorman	STI	132,151	1,109
	LTI	298,776	2,507
	MyShare Matching	610	5
	Demerger adjusted	135,868	-
	Total	**567,405**	**3,621**
Z Todorcevski	STI	52,136	438
	LTI	152,288	1,278
	MyShare Matching	539	5
	Demerger adjusted	53,266	-
	Total	**258,229**	**1,721**
J Holley	STI	25,782	216
	LTI	51,832	435
	MyShare Matching	652	5
	Demerger adjusted	22,187	-
	Total	**100,453**	**656**
P Mackie	STI	42,668	358
	LTI	105,838	888
	MyShare Matching	658	5
	Demerger adjusted	43,095	-
	Total	**192,259**	**1,251**
W Orgeldinger	STI	-	-
	LTI	50,748	426
	MyShare Matching	662	5
	Demerger adjusted	22,839	-
	Total	**74,249**	**431**
J Rabbino	STI	31,963	268
	LTI	82,874	695
	MyShare Matching	196	2
	Demerger adjusted	21,225	-
	Total	**136,258**	**965**
N Smith	STI	33,155	278
	LTI	70,844	595
	MyShare Matching	610	5
	Demerger adjusted	32,354	-
	Total	**136,963**	**878**
FORMER DISCLOSABLE EXECUTIVES			
D Pertz	STI	-	-
	LTI	-	-
	Total	**-**	**-**
K Pohler	**STI**	-	-
	LTI	-	-
	Demerger adjusted	25,164	-
	Total	**25,164**	**-**

[13] The total value of the relevant equity award(s) is valued as at the date of grant using the methodology set out in Section 9. 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.

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), under Brambles' Securities Trading Policy.

Ordinary shares	Balance at the start of the Year	Net changes during the Year	Balance at the end of the Year[14]
DISCLOSABLE EXECUTIVES			
T Gorman	209,148	58,006	267,154[15]
Z Todorcevski	78,591	96,289	174,880[15][16]
J Holley	24,825	22,902	47,727[17]
P Mackie	15,055	70,853	85,908[17]
W Orgeldinger	836	991	1,827[17]
J Rabbino[17]	19	197	216[17]
N Smith	75,491	(4,687)	70,804[15][18]
FORMER DISCLOSABLE EXECUTIVES			
D Pertz	-	-	-
K Pohler	-	276,801	276,801

[14] On 31 July 2014, 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 (41), Peter Mackie (48), Wolfgang Orgeldinger (45), Jason Rabbino (35) and Nick Smith (45).

[15] Of which AET Structured Finance Services Pty Limited holds 2,233 shares for Tom Gorman, 724 shares for Zlatko Todorcevski and 804 shares for Nick Smith.

[16] Of which 77,906 shares were held by Zlatko Todorcevski and Robert Todorcevski, 96,250 shares were held by Tentwentyfive Pty Ltd and 724 are held by AET Structured Finance Services Pty Limited.

[17] All of these shares are held by AET Structured Finance Services Pty Limited.

[18] Of which 70,000 held by Lisa Smith.

6.7. INTERESTS IN SHARE RIGHTS[19]

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, 25 September 2012, 12 October 2012 and 25 September 2013 under the 2006 Share Plan; and Matching Awards, being conditional rights awarded during the Year under MyShare. In November 2011 Brambles' shareholders approved a change in the vesting period for Brambles' STI shares from three years to two years. This resulted in a one-off situation whereby both the FY11 and FY12 STI shares vested in FY14.

	Balance at the start of the Year	Granted during the Year		Exercised during the Year[20]		Lapsed during the Year		Balance at the end of the year[21]	Vested and exercisable at the end of the year
	Number	Number[22]	Value at grant US$'000	Number	Value at exercise US$'000	Number	Value at lapse[23] US$'000	Number	Number
DISCLOSABLE EXECUTIVES									
T Gorman	1,525,383	567,405	3,621	482,435	4,112	115,115	971	1,495,238	-
Z Todorcevski	328,392	258,229	1,721	95,750	807	-	-	490,871	-
J Holley	177,427	100,453	656	33,069	279	-	-	244,811	-
P Mackie	493,483	192,259	1,251	172,658	1,472	38,309	323	474,775	-
W Orgeldinger	178,446	74,249	431	697	1,685	-	-	251,998	195,389
J Rabbino	97,419	136,258	965	-	-	-	-	233,677	-
N Smith	410,068	136,963	878	157,845	1,346	29,748	263	359,438	-
FORMER DISCLOSABLE EXECUTIVES									
D Pertz	-	-	-	-	-	-	-	-	-
K Pohler	251,637	25,164	-	276,801	2,378	-	-	-	-

[19] Of the awards detailed in Section 9.3, the following plan numbers are relevant to Disclosable Executives: Tom Gorman, Peter Mackie and Nick Smith (3 to 5, 8 to 10, 13 to 15, 21 to 23 and 24 to 52); Zlatko Todorcevski (16 to 23 and 24 to 52); Jean Holley (7, 9 to 10, 13 to 15, 21 to 23 and 24 to 52); Wolfgang Orgeldinger (6, 22 to 23 and 24 to 52); Jason Rabbino (14 to 15, 21 to 23 and 24 to 52). Lapses occurred for Tom Gorman, Peter Mackie and Nick Smith (4 and 5). Exercises occurred for Tom Gorman, Peter Mackie and Nick Smith (3 to 5, 8, and 24 to 35); Zlatko Todorcevski (16 to 17); and Jean Holley (7 and 24 to 35).

[20] Of 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.

[21] On 31 July 2014, the following Disclosable Executives received Matching Awards under MyShare: Tom Gorman (45), Zlatko Todorcevski (45), Jean Holley (41), Peter Mackie (48), Wolfgang Orgeldinger (45), Nick Smith (45) and Jason Rabbino (35).

[22] During the Year, 3,378,872 performance share rights were granted under the 2006 Share Plan, of which 566,795 were granted to Tom Gorman and 257,690 were granted to Zlatko Todorcevski. 817,442 Matching Awards were granted under MyShare during the Year, of which 610 were granted to Tom Gorman and 539 were granted to Zlatko Todorcevski. Approval for Tom Gorman's issues of securities was obtained under ASX Listing Rule 10.14 at the AGM held on 10 November 2011.

[23] "Lapse" in this context means that the Award was forfeited due to either the applicable service or performance conditions not being met.

7. NON-EXECUTIVE DIRECTORS' DISCLOSURES

7.1. 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 Director. 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.

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 FY14 to ensure the fees remained in line with the Australian market practice, resulting in an increase of 3%.

The review established the following fees for the Chairman and Non-Executive Directors:

- Chairman: A$623,000; and
- Non-Executive Directors: A$199,000.

The following travel allowances and Committee membership fees were not increased during the Year:

- 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;

(The above supplemental Committee fees do not apply to the Board Chairman.)

- Travel allowance per long-haul flight: A$5,000.

The next fee review will take effect from 1 January 2015.

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 21 and 22).

Letters of appointment for Non-Executive Directors, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that 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.

Non-Executive Directors do not participate in Brambles' 2006 Share Plan or MyShare plan.

7.3. NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

Fees and other benefits provided to Non-Executive Directors during the Year and the prior year are set out in Table 7.3 on Page 46 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.

As Brian Long's appointment as a Non-Executive Director took effect on 1 July 2014, he did not receive any remuneration for the Year.

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

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 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			
C Cross	-	-	-
D Duncan	-	-	-
T Froggatt	14,890	-	14,890[24]
D Gosnell	22,910	-	22,910[25]
T Hassan	8,000	-	8,000[26]
S Johns	47,500	-	47,500[27]
C Kay	14,877	-	14,877[28]
G Kraehe AO	66,965	-	66,965[29]
B Long[30]	-	4,000	4,000[31]
FORMER NON-EXECUTIVE DIRECTORS			
L Mayhew	16,500	-	16,500[32]
B Schwartz AM	21,681	-	21,681[33]

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

[25] Held by Charles Stanley & Co Australia in the name of Susan Gosnell.

[26] Held by RBC Dexia Custodian on behalf of Tahira Hassan.

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

[28] Of which 9,977 held by the Carolyn Kay Superannuation Fund.

[29] Held by Invia Custodians as trustee for the Graham John Kraehe Self-Managed Superannuation Fund.

[30] On 1 July 2014, Brian was appointed to be a Brambles Non-Executive Director.

[31] Held by BJ & VG Long Investments Pty Limited ATF BJ Long Super Fund A/C.

[32] Held by HSBC Bank of Australia Limited on behalf of Luke Mayhew.

[33] Held by Brian Martin Schwartz & Arlene Schwartz as trustee for the Schwartz Superannuation Fund.

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[34]	Total[35]
CONTINUING NON-EXECUTIVE DIRECTORS					
C Cross	**FY14**	**82**	**4**	**-**	**86**
	FY13	-	-	-	-
D Duncan	**FY14**	**209**	**9**	**2**	**220**
	FY13	207	9	7	223
T Froggatt[36]	**FY14**	**202**	**19**	**-**	**221**
	FY13	190	17	16	223
D Gosnell	**FY14**	**206**	**9**	**2**	**217**
	FY13	181	8	2	191
T Hassan	**FY14**	**199**	**9**	**7**	**215**
	FY13	209	9	5	223
S Johns[36]	**FY14**	**218**	**20**	**-**	**238**
	FY13	238	8	28	274
C Kay[36]	**FY14**	**185**	**17**	**-**	**202**
	FY13	190	17	17	224
G Kraehe AO[36]	**FY14**	**525**	**32**	**18**	**575**
	FY13	611	26	35	672
FORMER NON-EXECUTIVE DIRECTORS					
L Mayhew[36]	**FY14**	**216**	**10**	**2**	**228**
	FY13	212	10	4	226
B Schwartz AM[36]	**FY14**	**185**	**17**	**-**	**202**
	FY13	190	17	33	240
Totals	**FY14**	**2,227**	**146**	**30**	**2,404**
	FY13	2,228	121	147	2,496

8. REMUNERATION ADVISOR

The Committee has appointed Ernst & Young as Brambles' remuneration advisor to assist the Company with Non-Executive Director and executive remuneration matters. In performing its role, the Committee directly requests and receives 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, share rights valuation and project-related services, as well as 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 excludes Recommendations;
- Any requests to Ernst & Young from Brambles management that 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;
- 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 the CEO and Group Senior Vice President, Human Resources, Disclosable Executives do not attend Committee meetings;
- The CEO and Group Senior Vice President, Human Resources 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.

[34] "Other" includes personal/spouse travel, meals and fringe benefits tax.
[35] None 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.
[36] The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$1.0212 and €1=US$1.2939 and £1=US$1.5667 for FY13 to A$1=US$0.9142, €1=US$1.3587 and £1=US$1.6331 respectively for FY14.

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 of the Financial Report on Pages 98 and 99.

9.2. SUMMARY OF 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 that 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 (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
2006 Share Plan (FY14-FY16 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$800M over three-year period. 100% vesting occurs if CAGR is 7% and BVA is US$1,200M 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

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 Plan	1	12 April 2010	12 April 2016	A$6.48	30% exercisable from 25 November 2013, remainder lapsed
	2	12 April 2010	12 April 2016	A$4.26	100% vested at 25 November 2013
	3	24 November 2010[37]	24 November 2016[38]	A$6.01	100% vested at 25 November 2013
	4	24 November 2010[39]	24 November 2016[38]	A$3.78	100% vested at 25 November 2013
	5	24 November 2010[40]	24 November 2016[38]	A$6.01	30% exercisable from 25 November 2013, remainder lapsed
	6	31 March 2011	30 June 2017	A$6.35	100% vested at 30 June 2014
	7	6 September 2011	1 August 2013[38]	A$5.92	100% vested at 1 July 2013
	8	6 September 2011[41]	6 September 2017[38]	A$5.92	100% vested at 6 September 2013
	9	6 September 2011[39]	6 September 2017[38]	A$3.46	6 September 2014
	10	6 September 2011[40]	6 September 2017 [38]	A$5.68	6 September 2014
	11	7 June 2012	7 June 2018	A$6.56	100% vested at 7 June 2014
	12	16 July 2012	1 September 2014	A$6.09	100% vested at 30 August 2013
	13	25 September 2012[41]	25 September 2018[38]	A$6.31	25 September 2014
	14	25 September 2012[39]	25 September 2018[38]	A$3.41	25 September 2015
	15	25 September 2012[40]	25 September 2018[38]	A$6.07	25 September 2015
	16	12 October 2012	12 October 2018	A$6.48	100% vested at 31 January 2014
	17	12 October 2012	12 October 2018	A$6.48	100% vested at 31 May 2014
	18	12 October 2012	12 October 2018	A$6.48	31 January 2015
	19	12 October 2012	25 September 2018	A$3.50	25 September 2015
	20	12 October 2012	25 September 2018	A$6.23	25 September 2015
	21	25 September 2013[41]	25 September 2019[38]	A$8.45	25 September 2015
	22	25 September 2013[39]	25 September 2019[38]	A$4.19	25 September 2016
	23	25 September 2013[40]	25 September 2019[38]	A$8.16	25 September 2016

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

[38] Awards granted to Jean Holley and Jason Rabbino expire three years earlier than the date shown, or immediately after vesting, if earlier.

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

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

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

Plan	Plan number	Grant date	Expiry date	Value at grant	Status/vesting date
MyShare plan	24	30 March 2012[42]	1 April 2014	A$6.73	100% vested on 31 March 2014
	25	30 April 2012[42]	1 April 2014	A$6.97	100% vested on 31 March 2014
	26	31 May 2012[42]	1 April 2014	A$6.26	100% vested on 31 March 2014
	27	29 June 2012[42]	1 April 2014	A$5.80	100% vested on 31 March 2014
	28	31 July 2012[42]	1 April 2014	A$5.93	100% vested on 31 March 2014
	29	31 August 2012[42]	1 April 2014	A$6.55	100% vested on 31 March 2014
	30	28 September 2012[42]	1 April 2014	A$6.57	100% vested on 31 March 2014
	31	31 October 2012[42]	1 April 2014	A$6.93	100% vested on 31 March 2014
	32	30 November 2012[42]	1 April 2014	A$6.94	100% vested on 31 March 2014
	33	28 December 2012[42]	1 April 2014	A$7.17	100% vested on 31 March 2014
	34	31 January 2013[42]	1 April 2014	A$7.74	100% vested on 31 March 2014
	35	28 February 2013[42]	1 April 2014	A$8.27	100% vested on 31 March 2014
	36	29 March 2013[43]	1 April 2015	A$8.08	31 March 2015
	37	30 April 2013[43]	1 April 2015	A$8.31	31 March 2015
	38	31 May 2013[43]	1 April 2015	A$8.86	31 March 2015
	39	28 June 2013[43]	1 April 2015	A$8.92	31 March 2015
	40	31 July 2013[43]	1 April 2015	A$8.74	31 March 2015
	41	30 August 2013[43]	1 April 2015	A$8.39	31 March 2015
	42	30 September 2013[43]	1 April 2015	A$8.70	31 March 2015
	43	31 October 2013[43]	1 April 2015	A$8.84	31 March 2015
	44	29 November 2013[43]	1 April 2015	A$9.11	31 March 2015
	45	31 December 2013[43]	1 April 2015	A$8.71	31 March 2015
	46	31 January 2014[43]	1 April 2015	A$8.63	31 March 2015
	47	28 February 2014[43]	1 April 2015	A$8.95	31 March 2015
	48	31 March 2014[44]	1 April 2016	A$8.86	31 March 2016
	49	30 April 2014[44]	1 April 2016	A$8.94	31 March 2016
	50	30 May 2014[44]	1 April 2016	A$9.19	31 March 2016
	51	30 June 2014[44]	1 April 2016	A$8.74	31 March 2016
	52	31 July 2014[44]	1 April 2016	A$8.87	31 March 2016

[42] These 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.

[43] These 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.

[44] These Matching Awards granted under MyShare vest on 31 March 2016, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

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 the 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 FY14 total remuneration	Total
EXECUTIVE DIRECTORS					
T Gorman	**FY14**	**3,645**	**2,546**	**41%**	**6,191**
	FY13	3,730	1,624	30%	5,354
CURRENT DISCLOSABLE EXECUTIVES					
Z Todorcevski	**FY14**	**1,783**	**980**	**35%**	**2,763**
	FY13	1,800	1,054	37%	2,854
J Holley	**FY14**	**767**	**369**	**32%**	**1,136**
	FY13	898	335	27%	1,233
P Mackie	**FY14**	**1,301**	**842**	**39%**	**2,143**
	FY13	1,208	538	31%	1,746
W Orgeldinger	**FY14**	**1,137**	**444**	**28%**	**1,581**
	FY13	-	-	-	-
J Rabbino	**FY14**	**1,072**	**299**	**22%**	**1,371**
	FY13	899	79	8%	978
N Smith	**FY14**	**1,033**	**656**	**39%**	**1,689**
	FY13	1,107	485	30%	1,592
FORMER DISCLOSABLE EXECUTIVES					
D Pertz[45]	**FY14**	**1,113**	**2,235**	**67%**	**3,348**
	FY13	587	1,134	66%	1,721
K Pohler	**FY14**	**1,125**	**565**	**33%**	**1,690**
	FY13	1,368	512	27%	1,880
Totals	**FY14**	**12,976**	**8,936**	**-**	**21,912**
	FY13	11,597	5,761	-	17,358

[45] This represents the Recall Award described in Section 6.3 of Brambles' 2013 Annual Report.

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 2014 (Year).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the Year were:

- The provision of pooling solutions services, of which Brambles is a leading global provider; and
- Up to 18 December 2013, information management 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. Recall was demerged from the Group with effect from 18 December 2013 (see the Significant Changes in State of Affairs section below).

Other than the demerger of the Recall business, 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 2 and the Operating & Financial Review on Pages 3 to 15.

Information about the financial position of the Group is included in the Operating & Financial Review on Pages 3 to 15 and in the Five-Year Financial Performance Summary on Page 125.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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. The demerger of the Recall business was completed on 18 December 2013 and Brambles does not retain any shareholding in Recall Holdings Limited.

On 5 June 2014, Brambles announced the pricing and allocation of €500 million European medium-term note maturing in 10 years, with settlement occurring on 12 June 2014.

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

MATTERS SINCE THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2014 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 in the Letter from the Chairman & the CEO at Page 2 and in the Operating & Financial Review on Pages 3 to 15. 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 9 October 2014 to shareholders on the register on 12 September 2014.

On 10 April 2014, an interim dividend for the Year was paid, which was 13.5 Australian cents per share and 30% franked. On 10 October 2013, a final dividend for the year ended 30 June 2013 was paid, which was 13.5 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

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.

Christine Cross	28 January 2014 to date
Douglas Gordon Duncan	1 July 2013 to date
Anthony Grant Froggatt	1 July 2013 to date
Thomas Joseph Gorman	1 July 2013 to date
David Peter Gosnell	1 July 2013 to date
Tahira Hassan	1 July 2013 to date
Stephen Paul Johns	1 July 2013 to date
Sarah Carolyn Hailes Kay	1 July 2013 to date
Graham John Kraehe AO	1 July 2013 to date[45]
Brian James Long	1 July 2014 to date
Christopher Luke Mayhew	1 July 2013 to 30 June 2014
Brian Martin Schwartz AM	1 July 2013 to 30 June 2014

[45] Graham Kraehe will retire as a Director on 30 September 2014.

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 of Brambles Limited are detailed in Note 36 of the Financial Report on Page 119. 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.

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' 2014 Sustainability Review which will be available on the Brambles' website in October 2014. 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, RPCs and Containers business segments, are responsible for policy implementation and safety performance. The Chief Executive Officer together with the Group President of Recall was responsible for policy implementation and safety performance in relation to the Recall business segment up until completion of the demerger of the Recall business in December 2013.

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 2014 Sustainability Review, which will be available on Brambles' website in October 2014.

EMPLOYEES

The 2014 Sustainability Review, available on Brambles' website in October 2014, will contain details of Brambles' performance as an employer.

DIRECTORS' MEETINGS

Details of the Board committee memberships are given in the Corporate Governance Statement on Pages 21, 25 and 29. 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)
C Cross	4	5	-	-	-	-			1	1		
D G Duncan	10	11	2	2	-	-	4	5				
A G Froggatt	11	11	2	2	2	2			5	5	5	5
T J Gorman	11	11	2	2	4	4						
D P Gosnell	11	11	2	2	1	1	5	5				
T Hassan	10	11	2	2	-	-			4	5		
S P Johns	11	11	2	2	5	5	5	5			5	5
S C H Kay	11	11	2	2	1	1	5	5				
G J Kraehe AO	11	11	2	2	5	5			5	5	5	5
C L Mayhew	9	11	1	2	-	-			5	5		
B M Schwartz AM	11	11	2	2	2	2			5	5		

[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.

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 2011.

Director	Listed company	Period directorship held
C Cross	Kathmandu Holdings Limited	2012 to current
	Next plc	2005 to May 2014
	Sonae Group plc	2009 to current
	Woolworths Limited	2012 to current
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 2013
	Coca-Cola Amatil Limited	2010 to current
T J Gorman	IFCO Systems NV (de-listed in October 2011)	2011 to July 2014
D P Gosnell	None	-
T Hassan	Recall Holdings Limited	2013 to current
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 Management Limited (as responsible entity for Westfield America Trust)	1996 to May 2013
	Westfield Management Limited (as responsible entity for Westfield Trust and Carindale Property Trust)	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
B J Long	Commonwealth Bank of Australia	2010 to current
	Ten Network Holdings Limited	2010 to current
C L Mayhew	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
	Scentre Group:	
	Scentre Group Limited (formerly Westfield Holdings Limited)	2009 to current
	Scentre Management Limited (formerly Westfield Management Limited) (as responsible entity for Scentre Group Trust 1 (formerly Westfield Trust) and Carindale Property Trust)	2009 to current
	RE1 Limited (as responsible entity for Scentre Group Trust 2)	2014 to current
	RE2 Limited (as responsible entity for Scentre Group Trust 3)	2014 to current
	Westfield Corporation:	
	Westfield Corporation Limited	2014 to current
	Westfield America Management Limited (as responsible entity for Westfield America Trust and as responsible entity for WFD Trust)	2009 to current

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 its Pooled Solutions business and carried out research and development activities in relation to the Recall business up until to completion of the demerger of the Recall business in December 2013. 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.

The Group’s operations are subject to numerous environmental laws and regulations in the other countries in which it operates. There were no material beaches of these laws or regulations during the Year.

INTERESTS IN SECURITIES

Pages 43, 44 and 46 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 of the Financial Report on Pages 97 to 99.

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 and 48 of the Remuneration Report:

- 60,368 grants under the 2014 MyShare offer (plan numbers 48 to 52);
- 498,672 exercises resulting in the issue of fully paid ordinary shares: 5,332 under the 2013 MyShare offer, including an adjustment in relation to the demerger of the Recall business (plan numbers 36 to 47); 1,884 under the 2014 MyShare offer (plan numbers 48 to 52); 472,190 under plan 6; 3,300 under plan 3 and 15,966 under plan 11; and
- 1,168,120 lapses: 8,702 under the 2013 MyShare offer (plan numbers 36 to 47); 5,272 under the 2014 MyShare offer (plan numbers 48 to 52); 948,401 under plan 9 and 205,745 under plan 10.

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 Operating & Financial Review on Page 6 and Section 7 of the Corporate Governance Statement on Page 29.

TREASURY POLICIES

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found in the Operating & Financial Review on Pages 4 and 5.

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The amount of US$1.2 million 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 acquisitions and the demerger of Recall, compliance tracking system, forensic accounting services 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 7 August 2014 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 124.

ANNUAL GENERAL MEETING

The AGM will be held at 2.00pm (AEDT) on 6 November 2014 at The Grand Ballroom, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, Victoria 3000. This Directors’ Report is made in accordance with a resolution of the Board.

G J Kraehe AO	**T J Gorman**
Chairman	**Chief Executive Officer**

20 August 2014

SHAREHOLDER INFORMATION

DIRECTORS

G J Kraehe AO

(Non-Executive Chairman)

C Cross

(Non-Executive Director)

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)

B J Long

(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 6 November 2014 at The Grand Ballroom, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, Victoria 3000.

FINANCIAL CALENDAR

FINAL DIVIDEND 2014

Ex-dividend date – Wednesday, 10 September 2014

Record date – Friday, 12 September 2014

Payment date – Thursday, 9 October 2014

2015 (PROVISIONAL)

Announcement of interim results – mid February 2015

Interim dividend – mid April 2015

Announcement of final results – mid August 2015

Final dividend – mid October 2015

AGM – November 2015

ANALYSIS OF HOLDERS OF EQUITY SECURITIES AS AT 31 JULY 2014

SUBSTANTIAL SHAREHOLDERS

Brambles has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital[1]
Commonwealth Bank of Australia	99,124,053	6.35

[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	27,378	13,114,493
1,001 – 5,000	28,784	67,726,511
5,001 – 10,000	5,397	37,802,648
10,001 – 100,000	3,197	66,031,570
100,001 and over	146	1,378,749,768
Total	**64,902**	**1,563,424,990**

The number of members holding less than a marketable parcel of 54 ordinary shares (based on a market price of A$9.43 on 31 July 2014) is 984 and they hold a total of 17,501 ordinary shares. The voting rights of ordinary shares are described on Page 57.

NUMBER OF SHARE RIGHTS ON ISSUE AND DISTRIBUTION OF HOLDINGS

	Holders	Share rights
1 – 1,000	2,500	822,492
1,001 – 5,000	31	107,379
5,001 – 10,000	13	101,913
10,001 – 100,000	76	2,404,515
100,001 and over	23	5,809,448
Total	**2,643**	**9,245,747**

The voting rights of performance share rights and MyShare Matching Awards are described on Page 57.

TWENTY LARGEST ORDINARY SHAREHOLDERS

Name	Number of ordinary shares	% of issued ordinary share capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	488,753,287	31.26%
J P MORGAN NOMINEES AUSTRALIA LIMITED	354,253,209	22.66%
NATIONAL NOMINEES LIMITED	251,428,828	16.08%
CITICORP NOMINEES PTY LIMITED	75,345,435	4.82%
BNP PARIBAS NOMS PTY LTD <DRP>	38,019,890	2.43%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	36,503,361	2.33%
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	11,173,530	0.71%
AMP LIFE LIMITED	10,805,891	0.69%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	9,237,692	0.59%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	8,494,220	0.54%
CITICORP NOMINEES PTY LIMITED <BHP BILLITON ADR HOLDERS A/C>	6,722,338	0.43%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	6,445,083	0.41%
ARGO INVESTMENTS LIMITED	5,272,449	0.34%
NATIONAL NOMINEES LIMITED <DB A/C>	5,167,397	0.33%
UBS NOMINEES PTY LTD	3,938,802	0.25%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,636,898	0.17%
AET SFS PTY LTD <BRAMBLES - MYSHARE>	2,467,511	0.16%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MBA A/C>	2,286,561	0.15%
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	2,100,000	0.13%
DJERRIWARRH INVESTMENTS LIMITED	2,060,319	0.13%
Percentage of total holdings of 20 largest holders	**1,323,112,701**	**84.63%**

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 2014

INDEX **PAGE**

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2014

	Note	2014 US$M	2013 US$M
Continuing operations			
Sales revenue	5A	**5,404.5**	5,082.9
Other income	5A	**132.6**	140.6
Operating expenses	5B	**(4,609.4)**	(4,337.6)
Share of results of joint ventures and associates	19C	**1.8**	1.2
Operating profit		**929.5**	887.1
Finance revenue		**15.5**	19.6
Finance costs		**(128.5)**	(130.4)
Net finance costs	8	**(113.0)**	(110.8)
Profit before tax		**816.5**	776.3
Tax expense	9	**(232.0)**	(220.0)
Profit from continuing operations		**584.5**	556.3
Profit from discontinued operations and gain on demerger of Recall	12	**683.2**	84.3
Profit for the year		**1,267.7**	640.6
Profit attributable to members of the parent entity		**1,267.7**	640.6
Earnings per share (cents)	10		
Total			
- basic		**81.2**	41.2
- diluted		**80.8**	40.9
Continuing operations			
- basic		**37.5**	35.8
- diluted		**37.3**	35.5

The consolidated income statement should be read in conjunction with the accompanying notes.

Recall earnings up until the demerger date have been included in discontinued operations. The corresponding period includes a full twelve months of Recall earnings within discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Note	2014 US$M	2013 US$M
Profit for the year		**1,267.7**	640.6
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit pension plans	26E	**(7.9)**	(11.1)
Income tax on items that will not be reclassified to profit or loss	9A	**(2.7)**	2.4
		(10.6)	(8.7)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries	29	**50.8**	(70.7)
Reserves released to profit on demerger of Recall	29	**(29.4)**	-
Cash flow hedges	29	**0.1**	1.8
Income tax on items that may be reclassified to profit or loss	9A	**(0.1)**	(0.7)
		21.4	(69.6)
Other comprehensive profit/(loss) for the year		**10.8**	(78.3)
Total comprehensive income for the year attributable to members of the parent entity		**1,278.5**	562.3

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Total comprehensive income for the year attributable to members of the parent entity comprise US$624.7 million from continuing operations and US$653.8 million from discontinued operations.

CONSOLIDATED BALANCE SHEET

as at 30 June 2014

	Note	2014 US$M	2013 US$M
ASSETS			
Current assets			
Cash and cash equivalents	14	**222.3**	128.9
Trade and other receivables	15	**1,103.5**	1,124.2
Inventories	16	**66.9**	56.2
Derivative financial instruments	17	**14.6**	10.9
Other assets	18	**55.6**	60.7
Total current assets		**1,462.9**	1,380.9
Non-current assets			
Other receivables	15	**3.8**	9.2
Investments	19	**6.2**	20.1
Property, plant and equipment	20	**4,367.5**	4,407.9
Goodwill	21	**1,322.4**	1,736.7
Intangible assets	22	**221.1**	336.5
Deferred tax assets	9C	**44.3**	48.2
Derivative financial instruments	17	**8.1**	9.8
Other assets	18	**1.4**	2.6
Total non-current assets		**5,974.8**	6,571.0
Total assets		**7,437.7**	7,951.9
LIABILITIES			
Current liabilities			
Trade and other payables	23	**1,310.3**	1,253.5
Borrowings	24	**497.8**	156.9
Derivative financial instruments	17	**1.1**	9.5
Tax payable		**41.6**	62.9
Provisions	25	**113.5**	110.8
Total current liabilities		**1,964.3**	1,593.6
Non-current liabilities			
Borrowings	24	**2,086.2**	2,686.4
Derivative financial instruments	17	**8.0**	-
Provisions	25	**20.9**	25.8
Retirement benefit obligations	26	**60.9**	51.2
Deferred tax liabilities	9D	**541.0**	545.2
Other liabilities	23	**5.4**	24.3
Total non-current liabilities		**2,722.4**	3,332.9
Total liabilities		**4,686.7**	4,926.5
Net assets		**2,751.0**	3,025.4
EQUITY			
Contributed equity	27	**5,993.4**	6,618.5
Reserves	29	**(6,742.5)**	(6,748.2)
Retained earnings	29	**3,500.1**	3,155.1
Total equity		**2,751.0**	3,025.4

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Recall was deconsolidated on demerger and its assets and liabilities are excluded from the consolidated balance sheet at 30 June 2014. The 30 June 2013 balance sheet includes the assets and liabilities of Recall, which have been summarised in Note 12E.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2014

	Note	2014 US$M	2013 US$M
Cash flows from operating activities			
Receipts from customers		**6,487.3**	6,604.8
Payments to suppliers and employees		**(4,889.2)**	(4,961.6)
Cash generated from operations		**1,598.1**	1,643.2
Dividends received from joint ventures		**0.2**	3.5
Interest received		**3.3**	4.1
Interest paid		**(121.5)**	(119.8)
Income taxes paid on operating activities		**(212.2)**	(191.1)
Net cash inflow from operating activities	31B	**1,267.9**	1,339.9
Cash flows from investing activities			
Payments for property, plant and equipment		**(889.5)**	(905.1)
Proceeds from sale of property, plant and equipment		**81.1**	110.5
Payments for intangible assets		**(25.8)**	(36.7)
Proceeds from Recall demerger, net of cash disposed		**417.3**	-
Acquisition of subsidiaries, net of cash acquired		**(40.7)**	(179.0)
Payments for investments in associates		**(2.8)**	-
Net cash outflow from investing activities		**(460.4)**	(1,010.3)
Cash flows from financing activities			
Proceeds from borrowings		**1,612.3**	1,585.7
Repayments of borrowings		**(1,908.0)**	(1,679.6)
Net inflow from hedge instruments		**34.9**	6.6
Proceeds from issues of ordinary shares		**5.1**	117.4
Dividends paid		**(394.2)**	(425.5)
Net cash outflow from financing activities		**(649.9)**	(395.4)
Net increase/(decrease) in cash and cash equivalents		**157.6**	(65.8)
Cash and deposits, net of overdrafts, at beginning of the year		**75.0**	152.7
Effect of exchange rate changes		**(10.8)**	(11.9)
Cash and deposits, net of overdrafts, at end of the year	31A	**221.8**	75.0

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

Recall cash flows up until the demerger date have been included in 2014. The corresponding period includes a full twelve months of Recall cash flows. Refer to Note 12.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Note	Share capital US$M	Reserves[1] US$M	Retained earnings US$M	Total US$M
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
Year ended 30 June 2014					
Opening balance		**6,618.5**	**(6,748.2)**	**3,155.1**	**3,025.4**
Profit for the year		**-**	**-**	**1,267.7**	**1,267.7**
Other comprehensive income		**-**	**21.4**	**(10.6)**	**10.8**
Total comprehensive income		**-**	**21.4**	**1,257.1**	**1,278.5**
Share-based payments:					
- expense recognised		**-**	**27.2**	**-**	**27.2**
- shares issued		**-**	**(43.1)**	**-**	**(43.1)**
- equity component of related tax		**-**	**4.6**	**-**	**4.6**
- transfer to retained earnings on demerger of Recall		**-**	**(4.4)**	**4.4**	**-**
Transactions with owners in their capacity as owners:					
- dividends declared	29	**-**	**-**	**(376.1)**	**(376.1)**
- issues of ordinary shares, net of transaction costs	27	**44.1**	**-**	**-**	**44.1**
- capital reduction on Recall demerger	27	**(669.2)**	**-**	**-**	**(669.2)**
- Recall demerger dividend		**-**	**-**	**(540.4)**	**(540.4)**
Closing balance		**5,993.4**	**(6,742.5)**	**3,500.1**	**2,751.0**

[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.

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 2014.

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 2014 and 2013 are to the financial years ended 30 June 2014 and 30 June 2013 respectively.

The Recall business was demerged effective 18 December 2013. Recall's comprehensive income and cash flows for the period up to the date of demerger have been presented within discontinued operations. Prior year comparatives for the income statement have been restated. Recall's assets and liabilities are excluded from the consolidated balance sheet at 30 June 2014.

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 the following new accounting standards and interpretations from 1 July 2013. The impact of the new accounting standards and interpretations does not have a significant impact on Brambles' financial statements.

AASB 10: Consolidated Financial Statements 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.

AASB 11: Joint Arrangements 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.

AASB 12: Disclosure of Interests in Other Entities sets out the disclosure requirements of AASB 10 and AASB 11. Application of this standard does 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 provides guidance on measuring fair value and aims to enhance fair value disclosures. The fair values of all financial instruments held on the balance sheet as at 30 June 2014 equal the carrying amount, with the exception of loan notes, which has a carrying amount of US$2,461.5 million and an estimated fair value of US$2,641.7 million. All derivative financial assets and liabilities are estimated to fair values using level 2 estimation techniques. A definition of level 2 is included in Note 30.

AASB 119: Employee Benefits 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. AASB 119 also clarifies that classification of short and long-term benefits should be based on whether payments are expected to be made within the next 12 months rather than when payments can be demanded.

AASB 2011-4: Amendments to Remove Individual Key Management Personnel Disclosure Requirements 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.

AASB 2012-2: Disclosures - Offsetting Financial Assets and Financial Liabilities requires disclosure of offsetting arrangements relating to financial assets and financial liabilities. The revised requirements do not have a material impact on Brambles' financial statements.

Brambles has early adopted AASB 2013-3: Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets, which had a net nil impact on the goodwill disclosures.

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 and associates

Associates are those entities in which Brambles has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which Brambles has joint control, whereby Brambles has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Investments in joint venture and associate 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 and associate 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 or associate equals or exceeds its interest in the joint venture or associate, Brambles does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture or associate.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Loans to equity accounted joint ventures or associates under formal loan agreements that 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.

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:

		A$:US$	€:US$	£:US$
Average	**2014**	**0.9142**	**1.3587**	**1.6331**
	2013	1.0212	1.2939	1.5667
Year end	**30 June 2014**	**0.9415**	**1.3643**	**1.7033**
	30 June 2013	0.9134	1.3015	1.5206

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 2014 or 2013.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Employee entitlements 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.

Dividends

A provision for dividends is only recognised where the dividends have been declared prior to the reporting date.

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.

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 2014, 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 2014.

AASB 2012-3: Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities is effective for reporting periods beginning on or after 1 January 2014 and clarifies requirements to offset financial assets and financial liabilities in the balance sheet. The revised requirements do not affect the accounting for any of Brambles' current offsetting arrangements.

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 2017. 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.

IFRS 15: Revenue from contracts with customers was issued by the International Accounting Standards Board in May 2014 and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard replaces the principle under the current standard of recognising revenue when risks and rewards transfer to the customer. Brambles will consider the impact of the new rules on its revenue recognition policy once an equivalent AAS has been issued.

IAS 19: Employee Benefits clarifies the accounting for contributions by employees or third parties towards the cost of a defined benefit plan. In particular, they allow contributions that are linked to service, and that do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Though Brambles receives contributions from its employees, these vary with the length of service and hence do not qualify for the simplified treatment. The adoption of the amendments will therefore not affect Brambles' accounting for these contributions.

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. Amounts in cents have been rounded to the nearest tenth of a cent.

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.

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 six 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) and Corporate (corporate centre). Discontinued operations primarily comprise Recall (information management business) which was demerged on 18 December 2013 (refer Note 12).

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]	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment						
Pallets - Americas	**2,301.9**	2,205.8	**395.9**	318.3	**183.4**	171.4
Pallets - EMEA	**1,447.3**	1,346.8	**299.1**	262.5	**165.1**	128.7
Pallets - Asia-Pacific	**374.2**	391.8	**59.9**	63.5	**24.3**	24.5
Pallets	**4,123.4**	3,944.4	**754.9**	644.3	**372.8**	324.6
RPCs	**895.8**	812.8	**97.3**	50.7	**(62.9)**	(39.5)
Containers	**385.3**	325.7	**26.7**	37.3	**(12.1)**	(13.6)
Corporate	**-**	-	**(50.7)**	(35.0)	**(31.3)**	(24.7)
Continuing operations	**5,404.5**	5,082.9	**828.2**	697.3	**266.5**	246.8
By geographic origin						
Americas	**2,582.0**	2,468.3				
Europe	**2,104.6**	1,884.0				
Australia	**421.5**	436.2				
Other	**296.4**	294.4				
Total	**5,404.5**	5,082.9				

	Operating profit[3]		Significant Items before tax[4]		Underlying Profit[4]	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment						
Pallets - Americas	**419.0**	414.6	**(16.0)**	(4.5)	**435.0**	419.1
Pallets - EMEA	**330.1**	268.2	**1.2**	(14.2)	**328.9**	282.4
Pallets - Asia-Pacific	**73.0**	77.2	**(0.6)**	(1.6)	**73.6**	78.8
Pallets	**822.1**	760.0	**(15.4)**	(20.3)	**837.5**	780.3
RPCs	**124.3**	138.4	**-**	(0.3)	**124.3**	138.7
Containers	**35.9**	28.0	**(2.1)**	(0.4)	**38.0**	28.4
Corporate	**(52.8)**	(39.3)	**(13.1)**	(4.9)	**(39.7)**	(34.4)
Continuing operations	**929.5**	887.1	**(30.6)**	(25.9)	**960.1**	913.0

NOTE 4. SEGMENT INFORMATION - CONTINUED

	Capital expenditure[5]		Depreciation and amortisation	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment				
Pallets - Americas	**356.1**	340.8	**206.1**	193.8
Pallets - EMEA	**263.8**	236.1	**130.2**	129.6
Pallets - Asia-Pacific	**67.4**	73.1	**44.8**	47.5
Pallets	**687.3**	650.0	**381.1**	370.9
RPCs	**182.9**	198.2	**101.4**	85.5
Containers	**55.0**	33.3	**44.2**	38.0
Corporate	**1.5**	1.6	**1.6**	1.3
Continuing operations	**926.7**	883.1	**528.3**	495.7

	Segment assets		Segment liabilities	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment				
Pallets - Americas	**2,372.6**	2,278.3	**375.7**	311.4
Pallets - EMEA	**1,541.3**	1,436.6	**360.3**	330.0
Pallets - Asia-Pacific	**501.3**	412.5	**87.8**	21.5
Pallets	**4,415.2**	4,127.4	**823.8**	662.9
RPCs	**2,095.2**	1,940.7	**544.0**	461.4
Containers	**592.5**	501.9	**93.1**	96.8
Corporate	**47.5**	30.5	**59.2**	50.4
Continuing operations	**7,150.4**	6,600.5	**1,520.1**	1,271.5
Discontinued operations	**-**	1,144.1	**-**	203.6
Total segment assets and liabilities	**7,150.4**	7,744.6	**1,520.1**	1,475.1
Cash and borrowings	**222.3**	128.9	**2,584.0**	2,843.3
Current tax balances	**14.5**	10.1	**41.6**	62.9
Deferred tax balances	**44.3**	48.2	**541.0**	545.2
Equity-accounted investments	**6.2**	20.1	**-**	-
Total assets and liabilities	**7,437.7**	7,951.9	**4,686.7**	4,926.5
Non-current assets by geographic origin[6]				
Americas	**2,703.9**	3,020.8		
Europe	**2,460.9**	2,483.7		
Australia	**349.3**	551.8		
Other	**408.3**	456.7		
Total	**5,922.4**	6,513.0		

[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] Brambles Value Added (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 2013 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.

NOTE 5. PROFIT FROM ORDINARY ACTIVITIES - CONTINUING OPERATIONS

	2014 US$M	2013 US$M
A) REVENUE AND OTHER INCOME - CONTINUING OPERATIONS		
Sales revenue	**5,404.5**	5,082.9
Net gains on disposals of property, plant and equipment	**1.8**	13.5
Other operating income	**130.8**	127.1
Other income	**132.6**	140.6
Total income	**5,537.1**	5,223.5

	2014 US$M	2013 US$M
B) OPERATING EXPENSES - CONTINUING OPERATIONS		
Employment costs (Note 7)	**890.9**	842.3
Service suppliers:		
- transport	**1,084.6**	1,005.0
- repairs and maintenance	**324.4**	318.5
- subcontractors and other service suppliers	**894.0**	837.3
Raw materials and consumables	**441.3**	414.3
Occupancy	**216.0**	200.5
Depreciation of property, plant and equipment	**480.8**	454.6
Impairment of property, plant and equipment	**9.5**	1.5
Irrecoverable pooling equipment provision expense	**88.3**	101.5
Amortisation of intangible assets and deferred expenditure		
- software	**15.3**	12.6
- acquired intangible assets (other than software)	**29.7**	25.9
- deferred expenditure	**2.5**	2.6
Other	**132.1**	121.0
	4,609.4	4,337.6

	2014 US$M	2013 US$M
C) NET FOREIGN EXCHANGE GAINS AND LOSSES - CONTINUING OPERATIONS		
Net (losses)/gains included in operating profit	**(1.3)**	0.2
Net (losses)/gains included in net finance costs	**(0.3)**	5.9
	(1.6)	6.1

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.

	2014 US$M		
	Before tax	**Tax**	**After tax**
Items outside the ordinary course of business:			
- acquisition-related costs[1]	**(1.0)**	**-**	**(1.0)**
- restructuring and integration costs[2]	**(29.6)**	**10.4**	**(19.2)**
Significant Items from continuing operations	**(30.6)**	**10.4**	**(20.2)**

	2013 US$M		
	Before tax	**Tax**	**After tax**
Items outside the ordinary course of business:			
- acquisition-related costs[1]	(4.6)	-	(4.6)
- restructuring and integration costs[2]	(21.3)	8.9	(12.4)
Significant Items from continuing operations	(25.9)	8.9	(17.0)

[1] Professional fees and other transaction costs were incurred in relation to the Transpac and Airworld acquisitions in 2014 and the Pallecon acquisition in 2013.

[2] Redundancy, integration and and other restructuring costs of US$29.6 million were incurred during the year, net of reversal of prior costs not incurred (2013: US$21.3 million).

NOTE 7. EMPLOYMENT COSTS - CONTINUING OPERATIONS

	2014 US$M	2013 US$M
Wages and salaries	**720.6**	690.8
Social security costs	**90.3**	80.7
Share-based payment expense	**25.4**	21.8
Pension costs:		
- defined contribution plans	**20.5**	18.3
- defined benefit plans	**2.6**	(1.8)
Other post-employment benefits	**31.5**	32.5
	890.9	842.3

	2014	2013
The average monthly number of employees in continuing operations was:		
Pallets	**11,975**	11,365
RPCs	**930**	996
Containers	**1,051**	695
Corporate	**130**	110
	14,086	13,166

NOTE 8. NET FINANCE COSTS - CONTINUING OPERATIONS

	2014 US$M	2013 US$M
Finance revenue		
Bank accounts and short term deposits	**1.9**	1.0
Derivative financial instruments	**11.3**	16.2
Other	**2.3**	2.4
	15.5	19.6
Finance costs		
Interest expense on bank loans and borrowings	**(124.9)**	(125.5)
Derivative financial instruments	**(1.1)**	(1.3)
Other	**(2.5)**	(3.6)
	(128.5)	(130.4)
Net finance costs	**(113.0)**	(110.8)

NOTE 9. INCOME TAX

	2014 US$M	2013 US$M
A) COMPONENTS OF TAX EXPENSE		
Amounts recognised in the income statement		
Current income tax - continuing operations:		
- income tax charge	**155.6**	181.9
- prior year adjustments	**5.0**	(4.1)
	160.6	177.8
Deferred tax - continuing operations:		
- origination and reversal of temporary differences	**103.3**	59.1
- previously unrecognised tax losses	**(12.2)**	(14.2)
- prior year adjustments	**(19.7)**	(2.7)
	71.4	42.2
Tax expense - continuing operations	**232.0**	220.0
Tax expense - discontinued operations (Note 12)	**34.3**	41.1
Tax expense recognised in the income statement	**266.3**	261.1
Amounts recognised in the statement of comprehensive income		
- on actuarial losses on defined benefit pension plans	**2.7**	(2.4)
- on losses on revaluation of cash flow hedges	**0.1**	0.7
Tax expense/(benefit) recognised directly in the statement of comprehensive income	**2.8**	(1.7)

B) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT BEFORE TAX

	2014 US$M	2013 US$M
Profit before tax - continuing operations	**816.5**	776.3
Tax at standard Australian rate of 30% (2013: 30%)	**244.9**	232.9
Effect of tax rates in other jurisdictions	**(23.8)**	(24.3)
Prior year adjustments	**(14.7)**	(6.8)
Current year tax losses not recognised	**8.0**	10.6
Foreign withholding tax unrecoverable	**2.5**	9.5
Non-deductible expenses	**9.9**	8.7
Prior year tax losses recouped/recognised	**(12.2)**	(14.2)
Other	**17.4**	3.6
Tax expense - continuing operations	**232.0**	220.0
Tax expense - discontinued operations (Note 12)	**34.3**	41.1
Total income tax expense	**266.3**	261.1

NOTE 9. INCOME TAX - CONTINUED

	2014 US$M	2013 US$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	**24.7**	30.8
Provisions	**36.1**	46.4
Losses available against future taxable income	**240.2**	275.2
Other	**40.9**	44.9
	341.9	397.3
Items recognised directly in equity		
Actuarial losses on defined benefit pension plans	**14.5**	14.9
Cash flow hedges	**-**	0.2
Share-based payments	**13.9**	13.6
	28.4	28.7
Set-off against deferred tax liabilities	**(326.0)**	(377.8)
Net deferred tax assets	**44.3**	48.2
Changes in deferred tax assets were as follows:		
At 1 July	**48.2**	37.6
(Charged)/credited to the income statement	**(36.1)**	29.1
Charged directly to equity	**(3.6)**	(8.8)
Offset against deferred tax liabilities	**32.4**	(10.2)
Acquisition of subsidiary	**1.2**	0.3
Currency variations	**2.2**	0.2
At 30 June	**44.3**	48.2

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$1,170.9 million (2013: US$1,301.5 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US$759.2 million (2013: US$852.0 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$411.7 million (2013: US$449.5 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US$514.5 million, which have been recognised in the balance sheet, have an expiry date between 2015 and 2033, however it is expected that these losses will be recouped prior to expiry. The remaining tax losses of US$244.7 million, which have been recognised in the balance sheet, can be carried forward indefinitely.

NOTE 9. INCOME TAX - CONTINUED

	2014 US$M	2013 US$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	**727.2**	786.4
Other	**138.9**	132.2
	866.1	918.6
Items recognised in the statement of comprehensive income		
Actuarial gains on defined benefit pension plans	**0.9**	0.6
Cash flow hedges	**-**	3.8
	0.9	4.4
Set-off against deferred tax assets	**(326.0)**	(377.8)
Net deferred tax liabilities	**541.0**	545.2
Changes in deferred tax liabilities were as follows:		
At 1 July	**545.2**	505.7
Charged to the income statement	**35.3**	71.3
Credited directly to equity	**(0.8)**	(16.6)
Acquisition of subsidiary	**0.1**	3.3
Demerger of subsidiaries	**(79.5)**	-
Offset against deferred tax asset	**32.4**	(10.2)
Currency variations	**8.3**	(8.3)
At 30 June	**541.0**	545.2

At reporting date, undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised in the consolidated financial statements are US$1,026.5 million (2013: US$966.2 million). No deferred tax liability has been recognised for these amounts because Brambles controls the 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.

NOTE 10. EARNINGS PER SHARE

	2014 US cents	2013 US cents
Earnings per share		
- basic	**81.2**	41.2
- diluted	**80.8**	40.9
From continuing operations		
- basic	**37.5**	35.8
- diluted	**37.3**	35.5
- basic, on Underlying Profit after finance costs and tax	**38.7**	36.9
From discontinued operations		
- basic	**43.7**	5.4
- diluted	**43.5**	5.4

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.

	2014 Million	2013 Million
A) WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR		
Used in the calculation of basic earnings per share	**1,560.7**	1,555.7
Adjustment for share rights	**8.2**	10.2
Used in the calculation of diluted earnings per share	**1,568.9**	1,565.9

	2014 US$M	2013 US$M
B) RECONCILIATIONS OF PROFITS USED IN EARNINGS PER SHARE CALCULATIONS		
Statutory profit		
Profit from continuing operations	**584.5**	556.3
Profit from discontinued operations	**683.2**	84.3
Profit used in calculating basic and diluted EPS	**1,267.7**	640.6
Underlying Profit after finance costs and tax		
Underlying Profit (Note 4)	**960.1**	913.0
Net finance costs (Note 8)	**(113.0)**	(110.8)
Underlying Profit before tax	**847.1**	802.2
Tax expense on Underlying Profit	**(242.4)**	(228.9)
Underlying Profit after finance costs and tax	**604.7**	573.3
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**604.7**	573.3
Significant Items after tax (Note 6)	**(20.2)**	(17.0)
Profit from continuing operations	**584.5**	556.3

NOTE 11. DIVIDENDS

A) DIVIDENDS PAID DURING THE YEAR

	Interim 2014	**Final 2013**
Dividend per share (in Australian cents)	13.5	13.5
Cost (in US$ million)	195.5	198.7
Payment date	10 April 2014	10 October 2013

B) RECALL DEMERGER DIVIDEND

Brambles declared the demerger dividend amount as a dividend to Scheme participants. The demerger dividend was not paid to Scheme participants in cash, but was applied by Brambles on behalf of Scheme participants as payment for the Recall shares. The fair value of Recall shares of US$1,209.6 million was allocated between the share capital reduction of US$669.2 million (refer Note 27) and the demerger dividend of US$540.4 million (refer Note 29). The share capital reduction was supported by the Australian Tax Office ruling obtained as part of the demerger.

C) DIVIDEND DECLARED AFTER 30 JUNE 2014

	Final 2014
Dividend per share (in Australian cents)	**13.5**
Cost (in US$ million)	**196.9**
Payment date	**9 October 2014**
Dividend record date	**12 September 2014**

As this dividend had not been declared at 30 June 2014, it is not reflected in these financial statements.

D) FRANKING CREDITS

	2014 US$M	**2013 US$M**
Franking credits available for subsequent financial years based on a tax rate of 30%	**69.5**	71.8

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 2014 dividend will be franked at 30%.

NOTE 12. DISCONTINUED OPERATIONS

Brambles demerged its Recall business, effective 18 December 2013. That business is now owned and operated by a separate and independent new holding company, Recall Holdings Limited (Recall), which is listed on the ASX.

A scheme of arrangement for the demerger of Recall Holdings Limited, and steps to implement the demerger were approved by Brambles' shareholders at the scheme and general meetings held on 3 December 2013. Following the successful 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 occurred on 18 December 2013. As a consequence of the demerger, Recall is presented in discontinued operations.

Accounting for demerger transactions is addressed in Interpretation 17: Distributions of Non-cash Assets to Owners. In accordance with this interpretation and AASB 137: Provisions, Contingent Liabilities and Contingent Assets, the demerger distributions have been measured at the fair value of Recall's shares. A full list of entities demerged and further information on the accounting for demerger transactions are set out in the Scheme Book prepared for the scheme meeting held in December 2013.

Financial information for Recall for the period up to the date of demerger and other discontinued operations is summarised below:

A) INCOME STATEMENT AND CASH FLOW INFORMATION

	2014 US$M	2013 US$M
Sales revenue	**405.5**	807.0
Other income	**2.2**	5.9
Operating expenses[1]	**(355.1)**	(692.6)
Share of results of joint ventures	**1.7**	5.2
Total operating profit	**54.3**	125.5
Relating to:		
- Recall	**54.2**	124.1
- other discontinued operations	**0.1**	1.4
Net finance costs	**(0.5)**	(0.1)
Profit on demerger	**663.7**	-
Profit before tax	**717.5**	125.4
Tax expense[2]	**(34.3)**	(41.1)
Profit for the year from discontinued operations	**683.2**	84.3
Net cash (outflow)/inflow from operating activities	**(7.9)**	192.1
Net cash inflow/(outflow) from investing activities	**378.5**	(67.6)
Net cash outflow from financing activities	**(4.7)**	(0.1)
Net increase in cash and cash equivalents	**365.9**	124.4

B) PROFIT ON DEMERGER

	2014 US$M
Fair value of Recall Holdings Limited shares[3]	**1,209.6**
Less: carrying value of net assets demerged	**(564.5)**
Add: foreign exchange gains released to profit on demerger of foreign subsidiaries	**29.4**
	674.5
Add: gain on remeasurement of joint venture investment to fair value[4]	**31.9**
Less: Recall transaction costs	**(42.7)**
Profit on demerger	**663.7**

1 Operating expenses include US$32.1 million of depreciation and amortisation in 2014 (2013: US$61.3 million).

2 Includes US$1.7 million tax expense on profit on demerger.

3 Calculated based on Recall's volume weighted average share price (VWAP) on the first five days of trading.

4 The remaining 51% interest in joint venture entity, CISCO Recall Total lnformation Management Pte Ltd (CISCO), was acquired on 31 October 2013. On acquisition, the existing 49% interest in CISCO was remeasured at fair value resulting in a gain of US$31.9 million.

NOTE 12. DISCONTINUED OPERATIONS - CONTINUED

C) SIGNIFICANT ITEMS - DISCONTINUED OPERATIONS

	2014 US$M		
	Before tax	Tax	After tax
Items outside the ordinary course of business:			
- profit on demerger	**663.7**	**(1.7)**	**662.0**
- other	**0.4**	**2.4**	**2.8**
Significant Items from discontinued operations	**664.1**	**0.7**	**664.8**

	2013 US$M		
	Before tax	Tax	After tax
Items outside the ordinary course of business:			
- software impairment	(15.3)	1.5	(13.8)
- restructuring costs	(0.7)	-	(0.7)
- Recall transaction costs	(4.1)	(1.7)	(5.8)
- other	1.4	(0.7)	0.7
Significant Items from discontinued operations	(18.7)	(0.9)	(19.6)

D) SHARE OF RESULTS OF JOINT VENTURES

	2014 US$M	2013 US$M
Profit from ordinary activities before tax	**2.1**	6.2
Tax expense on ordinary activities	**(0.4)**	(1.0)
Profit for the year included within discontinued operations	**1.7**	5.2

NOTE 12. DISCONTINUED OPERATIONS - CONTINUED

E) BALANCE SHEET INFORMATION

	Demerger date US$M	June 2013[1] US$M
The carrying amounts of assets and liabilities for discontinued operations were:		
ASSETS		
Cash and cash equivalents	**71.0**	35.1
Trade and other receivables	**181.8**	151.9
Inventories	**2.2**	1.9
Investments	**0.8**	18.9
Property, plant and equipment	**418.8**	372.1
Goodwill	**607.6**	505.7
Intangible assets	**100.2**	95.7
Other assets	**18.4**	20.5
Total assets	**1,400.8**	1,201.8
LIABILITIES		
Trade and other payables	**139.7**	159.4
Intercompany with Brambles	**-**	258.8
Borrowings	**567.9**	-
Tax payable	**5.7**	5.1
Provisions	**21.9**	21.1
Retirement benefit obligations	**0.8**	0.8
Deferred tax liabilities	**79.5**	64.9
Other liabilities	**20.8**	22.3
Total liabilities	**836.3**	532.4
Net assets	**564.5**	669.4

[1] Recall segment assets and liabilities, as disclosed in Note 4, differ to the above as they do not include intercompany, cash, tax and investment balances.

NOTE 13. BUSINESS COMBINATIONS

A) TRANSPAC ACQUISITION

On 2 June 2014, Brambles announced the acquisition of Transpac International GmbH, a Germany-based provider of pooled intermediate bulk container (IBC) services for the transportation of dry materials in the consumer goods manufacturing supply chain, for a consideration of €38 million. A net cash outflow of US$25.0 million and a provisional goodwill of US$42.4 million have been recognised as at 30 June 2014 in relation to this acquisition.

B) AIRWORLD ACQUISITION

On 20 February 2014, Brambles acquired Airworld Services and Airworld Containers, a UK-based specialist unit load device maintenance and repair organisation with facilities at London Heathrow, London Gatwick, Manchester and East Midlands airports, for a net cash consideration of US$15.7 million. A provisional goodwill of US$14.4 million has been recognised for this acquisition.

C) PALLECON ACQUISITION

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 acquisition accounting was finalised during the year and there were no material adjustments to the fair values of net assets since 30 June 2013.

D) OTHER

There were other minor acquisitions in 2013 with immaterial impact.

NOTE 14. CASH AND CASH EQUIVALENTS

	2014 US$M	2013 US$M
Cash at bank and in hand	**215.8**	98.8
Short term deposits	**6.5**	30.1
	222.3	128.9

Cash and cash equivalents include balances of US$1.6 million (2013: US$3.2 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

	2014 US$M	2013 US$M
Current		
Trade receivables	**848.5**	899.7
Provision for doubtful receivables (A)	**(17.0)**	(27.9)
Net trade receivables	**831.5**	871.8
Other debtors	**163.8**	125.2
Accrued and unbilled revenue	**108.2**	127.2
	1,103.5	1,124.2
Non-current		
Other receivables	**3.8**	9.2

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$5.9 million (2013: US$10.1 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:

	2014 US$M	2013 US$M
At 1 July	**27.9**	21.3
Charge for the year	**5.9**	10.1
Amounts written off	**(4.2)**	(4.1)
Acquisition of subsidiaries	**-**	0.6
Demerger of subsidiaries	**(11.7)**	-
Foreign exchange differences	**(0.9)**	-
At 30 June	**17.0**	27.9

NOTE 15. TRADE AND OTHER RECEIVABLES - CONTINUED

	2014 US$M	2013 US$M
At 30 June, the ageing analysis of trade receivables by reference to due dates was as follows:		
Not past due	**628.9**	618.0
Past due 0-30 days but not impaired	**142.3**	170.4
Past due 31-60 days but not impaired	**32.7**	45.8
Past due 61-90 days but not impaired	**11.3**	11.3
Past 90 days but not impaired	**16.3**	26.3
Impaired	**17.0**	27.9
	848.5	899.7

At 30 June 2014, trade receivables of US$202.6 million (2013: US$253.8 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 2014, trade receivables of US$17.0 million (2013: US$27.9 million) were considered to be impaired. A provision of US$17.0 million (2013: US$27.9 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 2014, other debtors of US$98.4 million (2013: US$96.7 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:

	2014 US$M	2013 US$M
Past due 0-30 days but not impaired	**32.6**	29.7
Past due 31-60 days but not impaired	**3.0**	1.6
Past due 61-90 days but not impaired	**1.7**	1.8
Past 90 days but not impaired	**61.1**	63.6
	98.4	96.7

At 30 June 2014, there were no balances within other debtors that were considered to be impaired (2013: nil). No provision has been recognised (2013: nil).

Refer to Note 30 for other financial instruments disclosures.

NOTE 16. INVENTORIES

	2014 US$M	2013 US$M
Raw materials and consumables	**43.3**	38.0
Work in progress	**0.7**	0.2
Finished goods	**22.9**	18.0
	66.9	56.2

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

	2014 US$M	2013 US$M	2014 US$M	2013 US$M
	Current assets		Current liabilities	
Interest rate swaps - cash flow hedges	**-**	-	**-**	0.5
Interest rate swaps - fair value hedges	**14.2**	9.7	**-**	-
Forward foreign exchange contracts - cash flow hedges	**-**	0.3	**0.1**	-
Forward foreign exchange contracts - held for trading	**0.4**	0.4	**1.0**	9.0
Embedded derivatives	**-**	0.5	**-**	-
	14.6	10.9	**1.1**	9.5

	Non-current assets		Non-current liabilities	
Interest rate swaps - fair value hedges	**7.6**	9.8	**8.0**	-
Embedded derivatives	**0.5**	-	**-**	-
	8.1	9.8	**8.0**	-

Refer to Note 30 for other financial instruments disclosures.

NOTE 18. OTHER ASSETS

	2014 US$M	2013 US$M
Current		
Prepayments	**41.1**	50.6
Current tax receivable	**14.5**	10.1
	55.6	60.7
Non-current		
Prepayments	**1.4**	2.6

NOTE 19. INVESTMENTS

A) JOINT VENTURES AND ASSOCIATES

Brambles has investments in the following unlisted jointly controlled entities and associates, which are accounted for using the equity method.

Name (and nature of business)	Place of incorporation	% interest held at reporting date June 2014	% interest held at reporting date June 2013
CISCO - Total Information Management Pte. Limited (Information management)[1]	Singapore	**-**	49%
Recall Becker GmbH & Co. KG (Document management services)[1]	Germany	**-**	50%
IFCO Japan Inc (RPC pooling business)	Japan	**33%**	33%
Kegstar Holdings Pty Limited (Keg pooling business)	Australia	**30%**	-

[1] These investments were disposed as part of the Recall demerger process. Refer Note 12D.

	2014 US$M	2013 US$M
B) MOVEMENT IN CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES		
At 1 July	**20.1**	17.1
Share of results after income tax (Note 19C)	**3.5**	6.4
Dividends received/receivable	**(0.2)**	(3.5)
Acquisition of associates	**2.8**	-
Demerger of joint ventures	**(20.3)**	-
Foreign exchange differences	**0.3**	0.1
At 30 June	**6.2**	20.1
C) SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES		
Trading revenue	**13.3**	29.3
Expenses	**(8.3)**	(21.0)
Profit from ordinary activities before tax	**5.0**	8.3
Tax expense on ordinary activities	**(1.5)**	(1.9)
Profit for the year	**3.5**	6.4
Included within continuing operations	**1.8**	1.2
Included within discontinued operations. Refer Note 12D.	**1.7**	5.2

NOTE 20. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$M	Plant and equipment US$M	Total US$M
At 1 July 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
Year ended 30 June 2014			
Opening net carrying amount	**122.3**	**4,285.6**	**4,407.9**
Additions	**11.7**	**932.9**	**944.6**
Acquisition of subsidiaries	**32.8**	**6.7**	**39.5**
Disposals	**-**	**(76.4)**	**(76.4)**
Demerger of subsidiaries	**(136.8)**	**(282.0)**	**(418.8)**
Depreciation charge	**(7.6)**	**(494.3)**	**(501.9)**
Impairment of pooling equipment	**-**	**(7.4)**	**(7.4)**
Irrecoverable pooling equipment provision expense	**-**	**(88.3)**	**(88.3)**
Foreign exchange differences	**5.0**	**63.3**	**68.3**
Closing net carrying amount	**27.4**	**4,340.1**	**4,367.5**
At 30 June 2014			
Cost	**55.1**	**7,210.9**	**7,266.0**
Accumulated depreciation	**(27.7)**	**(2,870.8)**	**(2,898.5)**
Net carrying amount	**27.4**	**4,340.1**	**4,367.5**

The net carrying amounts above include plant and equipment held under finance lease US$15.4 million (2013: US$22.7 million); leasehold improvements US$22.9 million (2013: US$22.6 million); and capital work in progress US$43.5 million (2013: US$45.7 million).

NOTE 21. GOODWILL

	2014 US$M	2013 US$M
A) NET CARRYING AMOUNTS AND MOVEMENTS DURING THE YEAR		
At 1 July		
Carrying amount	**1,736.7**	1,607.4
Year ended 30 June		
Opening net carrying amount	**1,736.7**	1,607.4
Acquisition of subsidiaries	**154.8**	122.8
Demerger of subsidiaries	**(607.6)**	-
Foreign exchange differences	**38.5**	6.5
Closing net carrying amount	**1,322.4**	1,736.7
At 30 June		
Gross carrying amount	**1,322.4**	1,736.7

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:

	2014 US$M	2013 US$M
Pallets - Americas	**316.5**	317.0
Pallets - EMEA	**40.4**	37.1
Pallets - Asia-Pacific	**31.4**	28.6
Pallets	**388.3**	382.7
RPCs	**700.4**	678.5
Containers	**233.7**	169.8
Recall	**-**	505.7
Total goodwill	**1,322.4**	1,736.7

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 5.1%; RPCs 3.3% and Containers 3.2% (2013: Pallets 5.0%; RPCs 2.6% and Containers 4.8%). 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 8.8% and 12.5% (average rates: Pallets 12.5%; RPCs 10.2% and Containers 10.7%). WACCs for 2013 ranged between 9.0% and 11.2% (average rates: Pallets 11.2%; RPCs 9.6% and Containers 9.7%).

Sensitivity

Any reasonable change to the above key assumptions would not cause the carrying value of the CGU to materially exceed its recoverable amount.

NOTE 22. INTANGIBLE ASSETS

	Software US$M	Other[1] US$M	Total US$M
At 1 July 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
Year ended 30 June 2014			
Opening carrying amount	**73.1**	**263.4**	**336.5**
Additions	**19.3**	**6.6**	**25.9**
Acquisition of subsidiaries	**0.2**	**12.2**	**12.4**
Demerger of subsidiaries	**(25.6)**	**(74.6)**	**(100.2)**
Amortisation charge	**(20.6)**	**(37.9)**	**(58.5)**
Impairment charge	**-**	**(2.1)**	**(2.1)**
Foreign exchange differences	**0.8**	**6.3**	**7.1**
Closing carrying amount	**47.2**	**173.9**	**221.1**
At 30 June 2014			
Gross carrying amount	**341.5**	**287.8**	**629.3**
Accumulated amortisation	**(294.3)**	**(113.9)**	**(408.2)**
Net carrying amount	**47.2**	**173.9**	**221.1**

[1] Other intangible assets primarily comprise acquired customer relationships, customer lists and agreements.

NOTE 23. TRADE AND OTHER PAYABLES

	2014 US$M	2013 US$M
Current		
Trade payables	**480.1**	469.0
GST/VAT, refundable deposits and other payables	**485.2**	417.2
Accruals and deferred income	**345.0**	367.3
	1,310.3	1,253.5
Non-current		
Other liabilities	**5.4**	24.3

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

	2014 US$M	2013 US$M
Current		
Unsecured:		
- bank overdraft	**0.5**	53.9
- bank loans[1]	**32.6**	31.9
- loan notes[2,4]	**413.1**	33.3
- accrued interest on loan notes[2]	**23.2**	22.4
- finance lease liabilities (Note 32)	**11.9**	11.7
- other loans	**16.5**	3.7
	497.8	156.9
Non-current		
Unsecured:		
- bank loans[1]	**47.9**	934.4
- loan notes[2,3,4]	**2,025.2**	1,740.6
- finance lease liabilities (Note 32)	**3.5**	11.0
- other loans	**9.6**	0.4
	2,086.2	2,686.4
Total borrowings	**2,584.0**	2,843.3

1 Unsecured bank loans include various regional banking facilities providing local currency funding to certain subsidiaries. In 2013, bank loans also included revolving loans in various currencies drawn under multi-currency global banking facilities and priced off LIBOR and other similar benchmark rates.

2

Loan Notes	Issue Date	Outstanding Notes	Maturity	Interest Rate
US$425.0 million US private placement	4 August 2004	Series B US$157.5 million	4 August 2014	5.77%
	4 August 2004	Series C US$96.5 million	4 August 2016	5.94%
US$110.0 million US private placement	7 May 2009	Series B US$55.0 million	7 May 2016	7.83%
	7 May 2009	Series C US$20.0 million	7 May 2019	8.23%
US$750.0 million 144A notes	31 March 2010	US$250.0 million	1 April 2015	3.95%
	31 March 2010	US$500.0 million	1 April 2020	5.35%
€500.0 million Euro medium term note	20 April 2011	€500.0 million	20 April 2018	4.625%
€500.0 million Euro medium term note	12 June 2014	€500.0 million	12 June 2024	2.375%

3 €350.5 million of the notes issued in June 2014 in the European bond market have 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.

4 US$450.0 million and €500.0 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$11.7 million (2013: US$17.1 million) in relation to changes in fair value attributable to the hedged risk.

Refer to Note 30 for other financial instruments disclosures

NOTE 24. BORROWINGS - CONTINUED

	2014 US$M	2013 US$M
A) BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS		
Total facilities:		
- committed borrowing facilities	**2,222.0**	2,193.3
- loan notes	**2,443.2**	1,764.8
- credit standby/uncommitted/overdraft arrangements	**250.4**	280.0
	4,915.6	4,238.1
Facilities used at reporting date[1]:		
- committed borrowing facilities	**96.8**	969.1
- loan notes	**2,443.2**	1,764.8
- credit standby/uncommitted/overdraft arrangements	**25.8**	78.0
	2,565.8	2,811.9
Facilities available at reporting date:		
- committed borrowing facilities	**2,125.2**	1,224.2
- credit standby/uncommitted/overdraft arrangements	**224.6**	202.0
	2,349.8	1,426.2

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 December 2018 with loan notes having maturities out to June 2024. The average term to maturity of the committed borrowing facilities and the loan notes is equivalent to 4.1 years (2013: 3.6 years). These facilities are unsecured and are guaranteed as described in Note 39B.

B) BORROWING FACILITIES MATURITY PROFILE

		US$M		
Maturity	**Type**	**Total facilities**	**Facilities used[1]**	**Facilities available**
2014				
Less than 1 year	Bank loans/loan notes/overdrafts/finance leases/other loans	**692.3**	**467.6**	**224.7**
1 - 2 years	Bank loans/loan notes/finance leases/other loans	**891.7**	**77.3**	**814.4**
2 - 3 years	Bank loans/loan notes/finance leases	**803.4**	**116.3**	**687.1**
3 - 4 years	Bank loans/loan notes	**1,027.0**	**685.9**	**341.1**
4 - 5 years	Bank loans/loan notes	**319.1**	**36.6**	**282.5**
Over 5 years	Loan notes	**1,182.1**	**1,182.1**	**-**
		4,915.6	**2,565.8**	**2,349.8**
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

[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$18.2 million (2013: US$31.4 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.

NOTE 25. PROVISIONS

	Employee entitlements US$M	Other US$M	Total US$M
At 1 July 2013			
Current	84.5	26.3	110.8
Non-current	9.2	16.6	25.8
	93.7	**42.9**	**136.6**
Charge to income statement			
Additional provisions	**83.5**	**33.0**	**116.5**
Unused amounts reversed	**-**	**(0.9)**	**(0.9)**
Utilisation of provision	**(76.8)**	**(22.6)**	**(99.4)**
Acquisition of subsidiaries	**0.6**	**0.3**	**0.9**
Demerger of subsidiaries	**(14.8)**	**(7.1)**	**(21.9)**
Currency variations	**2.2**	**0.4**	**2.6**
At 30 June 2014	**88.4**	**46.0**	**134.4**
Current	**83.9**	**29.6**	**113.5**
Non-current	**4.5**	**16.4**	**20.9**

Employee entitlements provision comprises US$18.8 million (2013: US$20.4 million) for long service leave, US$1.6 million (2013: US$2.3 million) for phantom shares and US$68.0 million (2013: US$71.0 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$14.7 million (2013: US$11.6 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$4.1 million (2013: US$8.8 million) is expected to settle within the next two to ten years and has been discounted to present value.

Other provisions comprise US$26.2 million (2013: US$22.8 million) for restructuring and integration costs, and US$19.8 million (2013: US$20.1 million) for other known exposures.

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$24.7 million (2013: US$25.4 million) representing contributions paid and payable to these plans by Brambles at rates specified in the rules of the plans has been recognised as an expense in the income statement, of which US$20.5 million (2013: US$18.3 million) relates to continuing operations.

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 2014 by independent professionally qualified actuaries and take account of the requirements of AASB 119. For the United Kingdom and South Africa plans, the valuation updates have used assumptions, assets and cash flows as at 31 May 2014. 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:

	2014 US$M	2013 US$M
Present value of defined benefit obligations	**299.8**	257.3
Fair value of plan assets	**(238.9)**	(206.1)
Net liability recognised in the balance sheet	**60.9**	51.2

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 when actuarial valuations are obtained. Refer Note 26(J).

D) INCOME STATEMENT AMOUNTS

The amounts recognised in Brambles' income statement in respect of defined benefit plans were as follows:

Current service cost	**0.9**	0.5
Administrative cost	**1.0**	-
Net interest cost	**1.9**	0.4
Past service cost	**-**	(2.2)
Net expense/(benefit) included in employment cost	**3.8**	(1.3)
Relating to:		
- continuing operations (refer Note 7)	**2.6**	(1.8)
- discontinued operations	**1.2**	0.5
	3.8	(1.3)

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

E) STATEMENT OF COMPREHENSIVE INCOME

	2014 US$M	2013 US$M
Actuarial losses reported in Brambles' statement of comprehensive income relating to:		
- continuing operations	**(5.0)**	(11.1)
- discontinued operations	**(2.9)**	-
	(7.9)	(11.1)
Cumulative actuarial losses recognised	**(43.1)**	(35.2)

F) DEFINED BENEFIT OBLIGATION

Changes in the present value of the defined benefit obligation were as follows:

	2014	2013
At 1 July	**257.3**	249.5
Current service cost	**0.9**	0.5
Past service cost	**-**	(2.2)
Interest cost on defined benefit obligations	**10.8**	10.0
Actuarial gains and losses	**18.1**	17.1
Currency variations	**18.1**	(11.3)
Benefits paid	**(7.6)**	(8.2)
Acquisition of subsidiaries	**-**	0.8
Demerger of subsidiaries	**(0.8)**	-
Defined contribution movements[1]	**3.0**	1.1
At 30 June	**299.8**	257.3

[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$1.3 million (2013: US$1.5 million), investment returns of US$4.1 million (2013: US$2.1 million) and other movements of US$0.7 million (2013: US$0.3 million), offset by benefits paid of US$3.1 million (2013: US$2.8 million).

The total pension obligation relates to 11% (2013: 12%) of defined contribution obligations in South Africa and 89% (2013: 88%) of defined benefit obligations. The defined benefit obligations are 24% (2013: 25%) in respect of active plan participants, 45% (2013: 43%) in respect of deferred plan participants, and 31% (2013: 32%) in respect of pensioners. All of the defined contribution obligations are in respect of active participants.

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

G) PLAN ASSETS

	2014 Fair value		2013 Fair value	
	US$M	%	US$M	%
Assets held in the plans fell within the following categories:				
Equities	**153.5**	**64.3**	97.2	47.2
Bonds/gilts	**49.8**	**20.8**	38.2	18.5
Insurance bonds	**5.1**	**2.1**	5.5	2.7
Cash	**8.3**	**3.5**	51.1	24.8
Other	**22.2**	**9.3**	14.1	6.8
	238.9	**100.0**	206.1	100.0

	2014 US$M	2013 US$M
Changes in the fair value of the plan assets were as follows:		
At 1 July	**206.1**	190.7
Interest income on plan assets	**8.8**	9.6
Administrative costs	**(1.0)**	-
Actuarial gains and losses	**10.2**	6.0
Currency variations	**12.6**	(11.1)
Contributions from sponsoring employers	**6.8**	18.0
Benefits paid	**(7.6)**	(8.2)
Defined contribution movements	**3.0**	1.1
At 30 June	**238.9**	206.1

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 2014			
Rate of increase in salaries	**4.4%**	**3.0%**	**-**
Rate of increase in pensions	**3.6%**	**2.6%**	**6.0%**
Discount rate	**4.2%**	**2.3%**	**7.4%**
Retail price inflation	**2.4%**	**2.0%**	**6.0%**
At 30 June 2013			
Rate of increase in salaries	4.5%	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%

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

I) SENSITIVITY ANALYSIS

Changes in the following principal actuarial assumptions would have the following effect on the defined benefit pension obligation:

	2014 US$M increase/ (decrease)
Discount rate:	
0.25 percentage point increase	**(11.8)**
0.25 percentage point decrease	**11.8**
Retail price inflation:	
0.25 percentage point increase	**8.6**
0.25 percentage point decrease	**(8.6)**

The sensitivity information has been derived for all plans using projected cash flows valued using the relevant assumptions and membership profiles as at 30 June 2014. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate

J) 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$4.8 million (2013: US$4.4 million) are being paid to remove the identified deficits over a period of 9 years.

Contributions paid to the plans during 2014 were US$6.8 million (2013: US$18.0 million), of which US$4.9 million (2013: US$12.7 million) related to continuing operations. It is estimated that the amount of contributions to be paid to the plans during 2015 will be US$7.3 million, of which US$5.5 million will relate to continuing operations.

NOTE 27. CONTRIBUTED EQUITY

	Shares	US$M
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2013	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
At 1 July 2013	**1,557,367,436**	**6,618.5**
Issued during the year	**5,578,511**	**44.1**
Demerger capital reduction	**-**	**(669.2)**
At 30 June 2014	**1,562,945,947**	**5,993.4**

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.

NOTE 28. SHARE-BASED PAYMENTS

The Remuneration Report sets out details relating to the Brambles share plans (pages 47 to 49), 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 44). 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

Grant date	Expiry date	Balance at 1 July	Granted during the year	Demerger adjusted	Exercised during the year	Forfeited/ lapsed during the year	Balance at 30 June
2014							
Performance share rights							
29 Aug 2007	30 Aug 2013	41,325	-	-	(41,325)	-	-
28 Apr 2008	29 Apr 2014	4,750	-	-	(4,750)	-	-
27 Aug 2008	27 Aug 2014	90,990	-	3,663	(70,516)	-	24,137
25 Nov 2009	26 Nov 2015	140,806	-	3,652	(136,758)	-	7,700
12 Apr 2010	12 Apr 2016	22,902	-	-	(14,887)	(8,015)	-
24 Nov 2010	24 Nov 2016	3,783,252	-	34,946	(2,770,484)	(954,010)	93,704
21 Feb 2011	21 Feb 2017	32,906	-	3,292	(36,198)	-	-
31 Mar 2011	30 Jun 2017	732,095	-	73,211	(137,727)	-	667,579
06 Sep 2011	06 Sep 2017	3,765,345	-	233,387	(1,314,432)	(247,745)	2,436,555
11 Nov 2011	11 Nov 2017	37,000	-	1,000	(38,000)	-	-
21 Nov 2011	21 Nov 2017	30,267	-	-	(20,917)	(9,350)	-
07 Jun 2012	07 Jun 2018	14,514	-	1,452	-	-	15,966
16 Jul 2012	1 Sep 2014	90,000	-	-	(90,000)	-	-
25 Sep 2012	25 Sep 2018	2,821,821	-	267,564	-	(259,683)	2,829,702
12 Oct 2012	12 Oct 2018	328,207	-	32,822	(95,750)	-	265,279
25 Sep 2013	25 Sep 2019	-	2,414,985	241,567	-	(96,461)	2,560,091
MyShare matching conditional rights							
2012 Plan Year	31 Mar 2014	688,029	-	-	(650,233)	(37,796)	-
2013 Plan Year	31 Mar 2015	248,752	488,760	-	(102,941)	(54,770)	579,801
2014 Plan Year	31 Mar 2016	-	254,115	-	(280)	(3,925)	249,910
Total rights		**12,872,961**	**3,157,860**	**896,556**	**(5,525,198)**	**(1,671,755)**	**9,730,424**
2013 (summarised comparative)							
Total rights		13,637,036	4,340,319	-	(2,253,973)	(2,850,421)	12,872,961

Of the above grants, 190,484 rights were exercisable at 30 June 2014.

		2014	2013
Weighted average data:			
- fair value at grant date of grants made during the year	A$	**8.12**	5.84
- share price at exercise date of grants exercised during the year	A$	**8.84**	7.58
- remaining contractual life at 30 June	years	**3.9**	3.9

There were 60,368 grants, 498,672 exercises and 1,160,231 forfeits in performance share rights and MyShare matching conditional rights over Brambles Limited shares between the end of the financial year and 18 August 2014.

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:

	2014 Grants	2013 Grants
Weighted average share price	**A$8.58**	A$7.02
Expected volatility	**20%**	25%
Expected life	**2-3 years**	2-3 years
Annual risk-free interest rate	**2.60-2.82%**	2.54-2.57%
Expected dividend yield	**3.50%**	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$25.366 million (2013: US$21.751 million) relating to share-based payments within continuing operations and US$3.793 million (2013: US$2.921 million) within discontinued operations. Of the total expense, US$2.000 million related to phantom share provisions (2013: US$1.672 million).

NOTE 29. RESERVES AND RETAINED EARNINGS

	2014 US$M	2013 US$M
Reserves	**(6,742.5)**	(6,748.2)
Retained earnings	**3,500.1**	3,155.1
	(3,242.4)	(3,593.1)

A) MOVEMENTS IN RESERVES AND RETAINED EARNINGS

	Reserves						
	Hedging US$M	Share-based payment US$M	Foreign currency translation US$M	Unification US$M	Other US$M	Total US$M	Retained earnings US$M
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 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
Year ended 30 June 2014							
Opening balance	**(0.3)**	**98.6**	**148.6**	**(7,162.4)**	**167.3**	**(6,748.2)**	**3,155.1**
Actuarial loss on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**(10.6)**
FCTR released to profits on demerger of Recall	**-**	**-**	**(29.4)**	**-**	**-**	**(29.4)**	**-**
Foreign exchange differences	**-**	**-**	**50.8**	**-**	**-**	**50.8**	**-**
Cash flow hedges:							
- fair value losses	**(0.4)**	**-**	**-**	**-**	**-**	**(0.4)**	**-**
- tax on fair value losses	**0.1**	**-**	**-**	**-**	**-**	**0.1**	**-**
- transfers to property, plant and equipment	**0.5**	**-**	**-**	**-**	**-**	**0.5**	**-**
- tax on transfers to net profit	**(0.2)**	**-**	**-**	**-**	**-**	**(0.2)**	**-**
Share-based payments:							
- expense recognised during the year	**-**	**27.2**	**-**	**-**	**-**	**27.2**	**-**
- shares issued	**-**	**(43.1)**	**-**	**-**	**-**	**(43.1)**	**-**
- equity component of related tax	**-**	**4.6**	**-**	**-**	**-**	**4.6**	**-**
- transfer to retained earnings on demerger of Recall	**-**	**(4.4)**	**-**	**-**	**-**	**(4.4)**	**4.4**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**(376.1)**
Demerger dividend							**(540.4)**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,267.7**
Closing balance	**(0.3)**	**82.9**	**170.0**	**(7,162.4)**	**167.3**	**(6,742.5)**	**3,500.1**

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.

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 Operating & Financial Review on pages 3 to 15.

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	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M
Financial assets				
- cash at bank and in hand (Note 14)	**215.8**	98.8	**215.8**	98.8
- short term deposits (Note 14)	**6.5**	30.1	**6.5**	30.1
- trade receivables (Note 15)	**831.5**	871.8	**831.5**	871.8
- interest rate swaps (Note 17)	**21.8**	19.5	**21.8**	19.5
- embedded derivatives (Note 17)	**0.5**	0.5	**0.5**	0.5
- forward foreign exchange contracts (Note 17)	**0.4**	0.7	**0.4**	0.7
Financial liabilities				
- trade payables (Note 23)	**480.1**	469.0	**480.1**	469.0
- bank overdrafts (Note 24)	**0.5**	53.9	**0.5**	53.9
- bank loans (Note 24)	**80.5**	966.3	**80.5**	966.3
- loan notes (Note 24)	**2,461.5**	1,796.3	**2,641.7**	1,944.1
- finance lease liabilities (Note 24)	**15.4**	22.7	**15.4**	22.7
- other loans (Note 24)	**26.1**	4.1	**26.1**	4.1
- interest rate swaps (Note 17)	**8.0**	0.5	**8.0**	0.5
- forward foreign exchange contracts (Note 17)	**1.1**	9.0	**1.1**	9.0

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.

	2014				2013			
	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	**-**	**21.8**	**-**	**21.8**	-	19.5	-	19.5
- embedded derivatives	**-**	**0.5**	**-**	**0.5**	-	0.5	-	0.5
- forward foreign exchange contracts	**-**	**0.4**	**-**	**0.4**	-	0.7	-	0.7
Derivative financial liabilities								
- interest rate swaps	**-**	**8.0**	**-**	**8.0**	-	0.5	-	0.5
- forward foreign exchange contracts	**-**	**1.1**	**-**	**1.1**	-	9.0	-	9.0

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.

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:

	2014 US$M	2013 US$M
Financial assets (floating rate)		
Cash at bank	**215.8**	98.8
Short term deposits	**6.5**	30.1
	222.3	128.9
Weighted average effective interest rate	**0.7%**	0.8%
Financial liabilities (floating rate)		
Bank overdrafts	**0.5**	53.9
Bank loans	**31.2**	966.3
Interest rate swaps (notional value) - cash flow hedges	**-**	(50.0)
Interest rate swaps (notional value) - fair value hedges	**1,132.1**	450.0
Net exposure to cash flow interest rate risk	**1,163.8**	1,420.2
Weighted average effective interest rate	**2.2%**	1.9%
Financial liabilities (fixed rate)		
Loan notes	**2,461.5**	1,796.3
Bank loans	**49.3**	-
Finance lease liabilities	**15.4**	22.7
Other loans	**26.1**	4.1
Interest rate swaps (notional value) - cash flow hedges	**-**	50.0
Interest rate swaps (notional value) - fair value hedges	**(1,132.1)**	(450.0)
Net exposure to fair value interest rate risk	**1,420.2**	1,423.1
Weighted average effective interest rate	**5.4%**	5.4%

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 and the 2024 Euro medium term note to variable rates. The fair value of these contracts at reporting date were US$13.8 million (2013: US$19.5 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 2014, 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			
	2014		2013	
	lower rates	higher rates	lower rates	higher rates
US dollar interest rates	**- 25 bps**	**+ 50 bps**	- 25 bps	+ 75 bps
Australian dollar interest rates	**- 25 bps**	**+ 50 bps**	- 50 bps	+ 75 bps
Sterling interest rates	**- 25 bps**	**+ 50 bps**	- 25 bps	+ 75 bps
Euro interest rates	**- 25 bps**	**+ 50 bps**	- 25 bps	+ 75 bps

	US$M	US$M	US$M	US$M
Impact on profit after tax	**2.0**	**(4.0)**	1.9	(7.5)
Impact on equity	**-**	**-**	(0.1)	0.2

Based on financial instruments held at 30 June 2014, 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$2.0 million higher or US$4.0 million lower (2013: US$1.9 million higher or US$7.5 million lower), mainly as a result of lower/higher interest expense on bank borrowings. The impact on equity would have been nil (2013: US$0.1 million lower or US$0.2 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.

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
2014						
Financial assets						
- cash at bank and in hand	**11.6**	**24.7**	**19.7**	**67.0**	**92.8**	**215.8**
- short term deposits	**-**	**-**	**-**	**0.6**	**5.9**	**6.5**
- interest rate swaps	**10.6**	**-**	**-**	**11.2**	**-**	**21.8**
- embedded derivatives	**-**	**-**	**-**	**-**	**0.5**	**0.5**
- forward foreign exchange contracts	**8.5**	**287.8**	**-**	**151.4**	**46.6**	**494.3**
	30.7	**312.5**	**19.7**	**230.2**	**145.8**	**738.9**
Financial liabilities						
- bank overdrafts	**-**	**-**	**0.2**	**-**	**0.3**	**0.5**
- bank loans	**-**	**-**	**-**	**0.2**	**80.3**	**80.5**
- loan notes[1]	**1,100.2**	**-**	**-**	**1,361.3**	**-**	**2,461.5**
- finance lease liabilities	**2.2**	**-**	**-**	**13.2**	**-**	**15.4**
- other loans	**-**	**-**	**-**	**26.1**	**-**	**26.1**
- interest rate swaps	**-**	**-**	**-**	**8.0**	**-**	**8.0**
- forward foreign exchange contracts	**230.1**	**0.8**	**30.9**	**47.6**	**185.6**	**495.0**
	1,332.5	**0.8**	**31.1**	**1,456.4**	**266.2**	**3,087.0**
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 exchange 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
- net investment hedge	-	-	-	456.2	-	456.2
- 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 exchange contracts	300.0	9.5	24.5	25.8	119.0	478.8
	1,869.6	10.4	41.2	1,175.3	226.1	3,322.6

[1] €350.5 million of loan notes have been designated as a net investment hedge.

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 2014, Brambles entered into forward foreign exchange transactions with various banks in a variety of cross-currencies for terms ranging up to 11 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 2014 and 2013, 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$(0.1) million (2013: US$0.3 million).

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$(0.6) million (2013: US$(8.6) million).

Hedge of net investment in foreign entity

At 30 June 2014, US$478.2 million of the 2024 Euro medium term note 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 2014 and 2013, 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			
	2014		2013	
	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	**0.5**	**(0.5)**	0.4	(0.4)
Impact on equity	**(34.1)**	**34.1**	(31.9)	31.9

Based on the financial instruments held at 30 June 2014, 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$0.5 million higher/lower (2013: US$0.4 million higher/lower). The impact on equity would have been US$34.1 million lower/higher (2013: US$31.9 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.

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 December 2018. 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 generally 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
2014							
Net settled							
Interest rate swaps							
- cash flow hedges	-	-	-	-	-	-	-
- fair value hedges	**14.2**	**3.5**	**2.2**	-	**(6.1)**	**13.8**	**13.8**
Gross settled							
Forward foreign exchange contracts							
- inflow	**494.3**	-	-	-	-	**494.3**	-
- (outflow)	**(495.0)**	-	-	-	-	**(495.0)**	**(0.7)**
	13.5	**3.5**	**2.2**	-	**(6.1)**	**13.1**	**13.1**
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

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
2014							
Financial liabilities							
Trade payables	**480.1**	**-**	**-**	**-**	**-**	**480.1**	**480.1**
Bank overdrafts	**0.5**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Bank loans	**37.6**	**14.2**	**23.6**	**6.3**	**17.5**	**99.2**	**80.5**
Loan notes	**526.3**	**138.5**	**170.8**	**760.3**	**1,344.9**	**2,940.8**	**2,461.5**
Finance lease liabilities	**12.7**	**3.3**	**0.4**	**-**	**-**	**16.4**	**15.4**
Other loans	**16.5**	**9.6**	**-**	**-**	**-**	**26.1**	**26.1**
	1,073.7	**165.6**	**194.8**	**766.6**	**1,362.4**	**3,563.1**	**3,064.1**
Financial guarantees[1]	**61.5**	**-**	**-**	**-**	**-**	**61.5**	**-**
	1,135.2	**165.6**	**194.8**	**766.6**	**1,362.4**	**3,624.6**	**3,064.1**
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

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.

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$14.2 million (2013: US$20.2 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 2014, 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:

	2014 US$M	**2013 US$M**
Total borrowings	**2,584.0**	2,843.3
Less: cash and cash equivalents	**(222.3)**	(128.9)
Net debt	**2,361.7**	2,714.4
Total equity	**2,751.0**	3,025.4
Total capital	**5,112.7**	5,739.8

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 2014.

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 2014 and prior years. At balance date, based on the definitions below, the ratios were:

	2014 US$M	2013 US$M
Total borrowings	**2,584.0**	2,843.3
Less: fair value adjustments due to hedge accounting	**(11.7)**	(17.1)
Less: cash and cash equivalents	**(222.3)**	(128.9)
Net debt	**2,350.0**	2,697.3
EBITDA	**1,580.4**	1,609.3
Net finance costs	**113.5**	110.9
Net debt/EBITDA (times)	**1.5**	1.7
EBITDA/net finance cost (times)	**13.9**	14.5

The following definitions apply in the calculation of these financial covenants:

- EBITDA means Brambles' consolidated operating profit including continuing and discontinued operations (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.

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

A) RECONCILIATION OF CASH

	2014 US$M	2013 US$M
For the purpose of the cash flow statement, cash comprises:		
Cash at bank and in hand (Note 14)	**215.8**	98.8
Short term deposits (Note 14)	**6.5**	30.1
	222.3	128.9
Bank overdraft (Note 24)	**(0.5)**	(53.9)
	221.8	75.0

Brambles has various master netting and set-off arrangements covering cash pooling. An amount of US$62.0 million has been reduced from cash at bank and overdraft at 30 June 2014 (2013: US$35.9 million).

B) RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2014 US$M	2013 US$M
Profit after tax	**1,267.7**	640.6
Adjustments for:		
- depreciation and amortisation	**560.4**	557.0
- irrecoverable pooling equipment provision expense	**88.3**	101.5
- net gains on demerger of Recall	**(706.4)**	-
- net gains on disposals of property, plant and equipment	**(3.9)**	(16.5)
- impairment of software and property, plant and equipment	**9.5**	16.8
- other valuation adjustments	**(7.1)**	(18.3)
- joint ventures	**(3.3)**	(2.8)
- equity-settled share-based payments	**27.2**	23.0
- finance revenues and costs	**(4.7)**	(4.8)
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- increase in trade and other receivables	**(115.1)**	(56.7)
- increase in prepayments	**(4.9)**	(5.9)
- increase in inventories	**(10.7)**	(4.2)
- increase in deferred taxes	**72.9**	42.4
- increase in trade and other payables	**99.0**	28.6
- (decrease)/increase in tax payables	**(18.8)**	27.6
- increase in provisions	**16.8**	11.8
- other	**1.0**	(0.2)
Net cash inflow from operating activities	**1,267.9**	1,339.9

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

C) RECONCILIATION OF MOVEMENT IN NET DEBT

	2014 US$M	2013 US$M
Net debt at beginning of the year	**2,714.4**	2,689.9
Net cash inflow from operating activities	**(1,267.9)**	(1,339.9)
Net cash outflow from investing activities	**460.4**	1,010.3
Net inflow from hedge instruments	**(34.9)**	(6.6)
Proceeds from issue of ordinary shares	**(5.1)**	(117.4)
Dividends paid	**394.2**	425.5
Increase on business acquisitions	**12.7**	1.6
Interest accruals, finance leases and other	**32.8**	8.9
Foreign exchange differences	**55.1**	42.1
Net debt at end of the year	**2,361.7**	2,714.4

	2014 US$M	2013 US$M
Being:		
Current borrowings	**497.8**	156.9
Non-current borrowings	**2,086.2**	2,686.4
Cash and cash equivalents	**(222.3)**	(128.9)
Net debt at end of the year	**2,361.7**	2,714.4

D) NON-CASH FINANCING OR INVESTING ACTIVITIES

On demerger of Recall, dividends of US$540.4 million and share capital reduction of US$669.2 million were applied by Brambles on behalf of Scheme participants as payment for the Recall shares (refer Note 11B).

There were no other financing or investing transactions during the year which had a material effect on the assets and liabilities of Brambles that did not involve cash flows.

NOTE 32. COMMITMENTS

A) CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2014, Brambles had commitments of US$188.2 million (2013: US$226.2 million) principally relating to property, plant and equipment.

Capital expenditure contracted for but not recognised as liabilities at reporting date were as follows:

	2014 US$M	2013[1] US$M
Within one year	**135.0**	154.5
Between one and five years	**53.2**	71.7
	188.2	226.2

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	
	2014 US$M	2013[1] US$M	2014 US$M	2013[1] US$M
Within one year	**25.7**	36.9	**109.3**	195.3
Between one and five years	**50.6**	58.9	**310.2**	541.6
After five years	**11.4**	7.6	**132.6**	272.5
Minimum lease payments	**87.7**	103.4	**552.1**	1,009.4

During the year, operating lease expense of US$205.9 million (2013: US$262.8 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	
	2014 US$M	2013[1] US$M
Minimum lease payments		
Within one year	**12.7**	13.0
Between one and five years	**3.7**	11.5
	16.4	24.5
Finance costs		
Within one year	**(0.8)**	(1.3)
Between one and five years	**(0.2)**	(0.5)
	(1.0)	(1.8)
Minimum lease payments recognised as a liability		
Within one year	**11.9**	11.7
Between one and five years	**3.5**	11.0
	15.4	22.7

[1] 2013 includes Recall's commitments

NOTE 33. CONTINGENCIES

a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to performance under contracts entered into totalling US$61.5 million (2013: US$99.5 million), of which US$46.8 million (2013: US$77.0 million) is also guaranteed by Brambles Limited. US$14.5 million (2013: US$16.3 million) is also guaranteed by Brambles Limited and certain of its subsidiaries under a deed of cross-guarantee and are included in Note 39B.

b) A subsidiary has guaranteed certain lease obligations of third parties totalling US$1.0 million (2013: US$2.3 million). Brambles also holds and guarantees certain Recall lease obligations. To the extent any claims or liabilties are caused by a Recall Group company, Recall has indemnified Brambles under the Demerger Deed relating to the demerger of Recall.

c) Environmental contingent liabilities
Brambles' activities have previously 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. Receivables 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 2014.

NOTE 34. AUDITORS' REMUNERATION

	2014 US$'000	2013 US$'000
Amounts received or due and receivable by PwC (Australia) for:		
Audit services in Australia:		
- audit and review of Brambles' financial reports	**1,785**	2,090
- other assurance services	**187**	49
	1,972	2,139
Other services:		
- finance due diligence	**1,045**	692
	1,045	692
Total remuneration of PwC (Australia)	**3,017**	2,831
Amounts received or due and receivable by related practices of PwC (Australia) for:		
Audit services outside Australia:		
- audit and review of Brambles' financial reports	**3,734**	4,238
- other assurance services	**10**	11
	3,744	4,249
Other services:		
- tax advisory services	**90**	106
- other	**65**	113
	155	219
Total remuneration of related practices of PwC (Australia)	**3,899**	4,468
Total auditors' remuneration	**6,916**	7,299

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 acquisitions and the Recall demerger, compliance tracking system, forensic accounting services and tax consulting advice. In 2013, non-audit assignments primarily related to finance due diligence for the Recall demerger, treasury consulting service, compliance tracking system, regulatory reporting and tax consulting advice.

NOTE 35. KEY MANAGEMENT PERSONNEL

A) KEY MANAGEMENT PERSONNEL COMPENSATION

	2014	2013
Short term employee benefits	**12,061**	14,700
Post employment benefits	**242**	351
Other benefits	**90**	98
Termination/sign-on/retirement benefits	**583**	1,453
Share-based payment expense	**8,936**	8,899
	21,912	25,501

B) 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 33 to 50 of the Annual Report.

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 39B.

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 AND ASSOCIATES

Brambles' share of the net results of joint ventures and associates 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 2014 of US$1,344,000 (2013: US$1,304,000) 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.

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

E) MATERIAL SUBSIDIARIES

The principal subsidiaries of Brambles during the year were:

		% interest held at reporting date	
Name	**Place of incorporation**	**2014**	**2013**
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
CHEP Aerospace Solutions (Schweiz) AG	Switzerland	**100**	100
CHEP Pallecon Solutions BV	The Netherlands	**100**	100
CHEP Pallecon Solutions Pty Limited	Australia	**100**	100
IFCO			
IFCO Systems NV	The Netherlands	**100**	99.5
Recall			
Recall Limited	UK	-	100
Recall France SA	France	-	100
Recall Corporation, Inc.	USA	-	100
Recall do Brasil Ltda	Brazil	-	100
Recall Information Management Pty Limited	Australia	-	100
Recall Deutschland GmbH	Germany	-	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.

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 to its Directors and 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

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 2014 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

NOTE 38. NET ASSETS PER SHARE

	2014 US cents	2013 US cents
Based on 1,562.9 million shares (2013: 1,557.4 million shares):		
- Net tangible assets per share	**77.3**	61.1
- Net assets per share	**176.0**	194.3

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets, by the number of shares on issue at year end.

Net assets per share is calculated by dividing total equity attributable to the members of the parent entity by the number of shares on issue at year end.

NOTE 39. PARENT ENTITY FINANCIAL INFORMATION

A) SUMMARISED FINANCIAL DATA OF BRAMBLES LIMITED

	Parent entity	
	2014 US$M	2013 US$M
Profit for the year	**1,001.6**	402.6
Other comprehensive income for the year	**203.7**	(754.7)
Total comprehensive income	**1,205.3**	(352.1)
Current assets	**1.5**	0.7
Non-current assets	**8,058.6**	8,026.1
Total assets	**8,060.1**	8,026.8
Current liabilities	**23.0**	32.2
Non-current liabilities	**711.9**	334.4
Total liabilities	**734.9**	366.6
Net assets	**7,325.2**	7,660.2
Contributed equity	**5,993.4**	6,618.5
Share-based payment reserve	**50.1**	48.9
Foreign currency translation reserve	**1,107.6**	903.9
Retained earnings	**174.1**	88.9
Total equity	**7,325.2**	7,660.2

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$2,122.3 million (2013: US$2,134.3 million) of which US$14.5 million (2013: US$929.2 million) has been drawn.

Brambles Limited and certain of its subsidiaries are parties to guarantees which support US Private Placement borrowings of US$329.0 million (2013: 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 (2013: 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 €1,000.0 million (2013: €500.0 million) issued by two subsidiaries 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$531.1 million (2013: US$569.8 million), of which US$121.2 million (2013: US$130.5 million) has been drawn.

Other than these guarantees, the parent entity did not have any contingent liabilities at 30 June 2014 or 30 June 2013.

C) CONTRACTUAL COMMITMENTS

Brambles Limited did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2014 or 30 June 2013.

DIRECTORS' DECLARATION

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 58 to 120 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 2014 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

20 August 2014

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 2014, 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. Those 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 consolidated 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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 2014 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 33 to 50 of the Directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Paul Bendall
Partner

Sydney
20 August 2014

Mark Dow
Partner

Sydney
20 August 2014

AUDITORS' INDEPENDENCE DECLARATION

pwc

As lead auditor for the audit of Brambles Limited for the year ended 30 June 2014, 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.

Paul Bendall
Partner
PricewaterhouseCoopers

Sydney
20 August 2014

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FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2014 US$M	2013 US$M	2012 US$M	2011 US$M	2010 US$M
Continuing operations[1]					
Sales revenue[1]	**5,404.5**	5,082.9	5,625.0	4,672.2	4,146.8
EBITDA[1]	**1,457.8**	1,382.8	1,491.4	1,289.0	1,168.5
Depreciation and amortisation[1]	**528.3**	495.7	552.2	479.8	444.0
Operating profit[1]	**929.5**	887.1	939.2	809.2	724.5
Net finance costs[1]	**(113.0)**	(110.8)	(152.0)	(127.5)	(109.6)
Profit before tax[1]	**816.5**	776.3	787.2	681.7	614.9
Tax expense[1]	**(232.0)**	(220.0)	(212.3)	(209.9)	(171.0)
Profit from continuing operations[1]	**584.5**	556.3	574.9	471.8	443.9
Profit from discontinued operations[1]	**683.2**	84.3	1.4	3.6	4.9
Profit for the year[1]	**1,267.7**	640.6	576.3	475.4	448.8
Underlying Profit[1]	**960.1**	913.0	1,009.7	857.2	733.4
Significant Items[1]	**(30.6)**	(25.9)	(70.5)	(48.0)	(8.9)
Operating profit[1]	**929.5**	887.1	939.2	809.2	724.5
Weighted average number of shares (Millions)	**1,560.7**	1,555.7	1,482.3	1,445.6	1,411.3
Earnings per share (US cents)					
Basic	**81.2**	41.2	38.9	32.9	31.8
From continuing operations[1]	**37.5**	35.8	38.8	32.6	31.5
On Underlying Profit after finance costs and tax[1]	**38.7**	36.9	42.1	36.2	31.9
ROCI[1]	**16%**	16%	16%	17%	17%
BVA[1]	**266.5**	246.8	248.6	251.6	212.8
Capex on property, plant & equipment[1]	**908.0**	865.7	921.1	821.9	498.8
Balance sheet					
Capital employed	**5,112.7**	5,739.8	5,430.3	5,450.2	3,391.5
Net debt	**2,361.7**	2,714.4	2,689.9	2,998.8	1,759.3
Equity	**2,751.0**	3,025.4	2,740.4	2,451.4	1,632.2
Average Capital Invested[1]	**5,889.6**	5,576.9	6,413.7	5,013.4	4,420.1
Cash flow					
Cash flow from operations[1]	**828.2**	697.3	591.2	725.1	882.3
Free cash flow	**430.9**	508.6	179.5	303.3	548.6
Dividends paid	**394.2**	425.5	397.7	224.0	204.5
Free cash flow after dividends	**36.7**	83.1	(218.2)	79.3	344.1
Net debt ratios					
Net debt to EBITDA (times)	**1.6**	1.7	1.7	2.2	1.5
EBITDA interest cover (times)	**13.2**	14.6	10.3	10.5	10.7
Average employees[1]	**14,086**	13,166	17,021	17,134	12,714
Dividend declared per share (Australian cents)	**27.0**	27.0	26.0	26.0	25.0

[1] Recall is presented within discontinued operations in 2014 and 2013. Periods prior to 2013 include Recall within continuing operations and are consistent with previously published data.

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	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period
AGM	Annual General Meeting
Average Capital Invested	Average capital invested (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)	Safety performance indicator that 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)	Represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2013 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%
CAGR (compound annual growth rate)	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 and Recommendations, Second Edition
Company	Brambles Limited (ACN 118 896 021)
constant currency/constant FX	Current period results translated into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods
continuing operations	Continuing operations refers to Pallets, RPCs, Containers 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/demerged or which are held for sale
Dividend Share Program	A program, under MyShare, which allows Employees to reinvest Dividends from their Acquired Shares. The share purchase price is calculated using a volume-weighted average of the Brambles share price over the five trading days up to and including the record date for the applicable dividend
DLC	Dual-listed companies structure: the contractual arrangement between Brambles Industries Limited and Brambles Industries plc from August 2001 to December 2006 under which they operated as if they were a single economic enterprise, while retaining their separate legal identities, tax residences and stock exchange listings
EPS (earnings per share)	Profit after tax, minority interests and Significant Items, divided by the weighted average number of shares on issue during the period
EBITA (earnings before interest, tax and amortisation)	A measure of profitability sometimes used to exclude the impact of non-cash amortisation charges taken against acquired intangible assets
EBITDA (earnings before interest, taxation, depreciation and amortisation)	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 Page 18
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
FY (financial year)	Brambles' financial year is 1 July to 30 June. For example, FY14 indicates the financial year ended 30 June 2014
Group or Brambles	Brambles Limited and all of its related bodies corporate
IBCs (intermediate bulk containers)	Palletised containers used for the transport and storage of bulk products in a variety of industries including the food, chemical, pharmaceuticals and transportation industries
IPEP (Irrecoverable Pooling Equipment Provision)	Provision held by Brambles to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation
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 an employee holds those shares and remain employed at the end of the two-year period, Brambles will match the number of shares that employee holds by issuing or transferring to them the same number of shares they held for the qualifying period, at no additional cost to the employee
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (earnings before interest and tax)
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
PAT (profit after tax)	Profit after finance costs tax, minority interests and Significant Items
RPCs	Reusable plastic container/crate or reusable/returnable produce crate, generally used for shipment and display of fresh produce items; also the name of one of Brambles' operating segments
ROCI (Return On Capital Invested)	Underlying Profit divided by Average Capital Invested
Significant Items	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
STI	Short Term Incentive
TFR	Total Fixed Remuneration
TSR (total shareholder return)	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 EPS	Profit from continuing operations before finance costs, tax and Significant Items, divided by the weighted average number of shares on issue during the period
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items
Unification	The unification of the dual-listed companies structure (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' 2014 financial year

CONTACT INFORMATION

REGISTERED OFFICE

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

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Website:	www.brambles.com

Investor & Analyst Queries

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SHARE REGISTRY

Access to shareholding information is available to investors through Link Market Services.

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