

FINANCIAL REPORT

for the year ended 30 June 2014

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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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying its accounting policies, Brambles has made estimates and assumptions concerning the future, which may differ from the related actual outcomes. Those estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Irrecoverable pooling equipment provisioning

Loss or damage is an inherent risk of pooling equipment operations. Brambles' pooling equipment operations around the world differ in terms of business model, market dynamics, customer and distribution channel profiles, contractual arrangements and operational details. CHEP conducts audits continuously throughout the year to confirm the existence and the condition of its pooling equipment assets and to validate CHEP's customer hire records. During these audits, which take place at CHEP plants, customer sites and other locations, pooling equipment is counted on a sample basis and reconciled to the balances shown in CHEP's customer hire records. Brambles also monitors its pooling equipment operations using detailed key performance indicators (KPIs).

The irrecoverable pooling equipment provision is determined by reference to historical statistical data in each market, including the outcome of audits and relevant KPIs, together with management estimates of future equipment losses.

Impairment of goodwill

Brambles' business units undertake an impairment review process annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. The recoverable amount of the goodwill in continuing operations is determined based on value in use calculations undertaken at the cash generating unit level. These calculations require the use of key assumptions which are set out in Note 21.

Income taxes

Brambles is a global company and is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Brambles recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. Refer to Note 9 for further details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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 origin⁶

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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
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
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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 Palalcon acquisition in 2013.

² Redundancy, integration 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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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		
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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 Information 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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

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
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A) PROVISION FOR DOUBTFUL RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. A provision of US\$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:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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:

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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	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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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:

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

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
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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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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

Maturity	Type	US\$M		
		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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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:

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

G) PLAN ASSETS

	2014		2013	
	Fair value		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	2013
	US\$M	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%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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						Retained earnings US\$M
	Hedging US\$M	Share-based payment US\$M	Foreign currency translation US\$M	Unification US\$M	Other US\$M	Total US\$M	
Year ended 30 June 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

NOTE 29. RESERVES AND RETAINED EARNINGS - CONTINUED

B) NATURE AND PURPOSE OF RESERVES

Hedging reserve

This comprises the cumulative portion of the gain or loss of cash flow hedges that are determined to be effective hedges. Amounts are recognised in the income statement when the associated hedged transaction is recognised or the hedge or a portion thereof becomes ineffective.

Share-based payments reserve

This comprises the cumulative share-based payment expense recognised in the income statement in relation to equity-settled options and share rights issued but not yet exercised. Refer to Note 28 for further details.

Foreign currency translation reserve

This comprises cumulative exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of qualifying net investment hedges. The relevant accumulated balance is recognised in the income statement on disposal of a foreign subsidiary.

Unification reserve

On Unification, Brambles Limited issued shares on a one-for-one basis to those Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) shareholders who did not elect to participate in the Cash Alternative. The Unification reserve of US\$15,385.8 million was established on 4 December 2006, representing the difference between the Brambles Limited share capital measured at fair value and the carrying value of the share capital of BIL and BIP at that date. In the consolidated financial statements, the reduction in share capital of US\$8,223.4 million on 9 September 2011 by the parent entity in accordance with section 258F of the Corporations Act 2001 was applied against the Unification reserve.

Other

This comprises a merger reserve created in 2001 and a capital redemption reserve created in 2006.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2014

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
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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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 liabilities 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. Recoveries have been recognised where recoveries, for example from insurance arrangements, are virtually certain. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.
- e) Brambles has given vendor warranties in relation to businesses sold in prior years. Brambles has recognised the financial impact of such vendor warranties and adjustments on the basis of information currently available. A contingent liability exists for any amounts which may ultimately be borne by Brambles which are in excess of the amounts provided at 30 June 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

E) MATERIAL SUBSIDIARIES

The principal subsidiaries of Brambles during the year were:

Name	Place of incorporation	% interest held at reporting date	
		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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2014

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

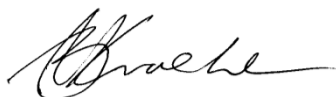
In the opinion of the Directors of Brambles Limited:

- (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*.

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INDEPENDENT AUDITORS' REPORT - CONTINUED
TO THE MEMBERS OF BRAMBLES LIMITED

Auditors' opinion

In our opinion:

- (a) the financial report of Brambles Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 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