Brambles

Annual Report 2017

FOCUS ON CORE DRIVERS OF VALUE

www.brambles.com

Contents

All acronyms and terminology referred to in this document are defined in the Glossary on page 120

Brambles Limited
ABN 89 118 896 021

Go to **Brambles.com** to review the Group's online annual review for 2017

Forward-Looking Statements

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

Past performance cannot be relied on as a guide to future performance.

Making Supply Chains More Efficient, Safe and Sustainable

Who we are...

Brambles Limited is an ASX-listed supply chain logistics company with operations in over 60 countries.

What we do...

Brambles is the world-leading provider of supply chain logistics solutions based on the provision of reusable pallets, crates and containers for shared use by multiple participants throughout the supply chain.

Brambles' longstanding asset management expertise and superior network advantage are integral to its customer solutions.

Our customers...

Brambles primarily serves customers in the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries, counting many of the world's best-known brands among its customers.

At 30 June 2017, the Group...

Held leading positions in...
60+
countries

Employed...
~14,000
people

Owned...
~590 million
pallets, crates and containers

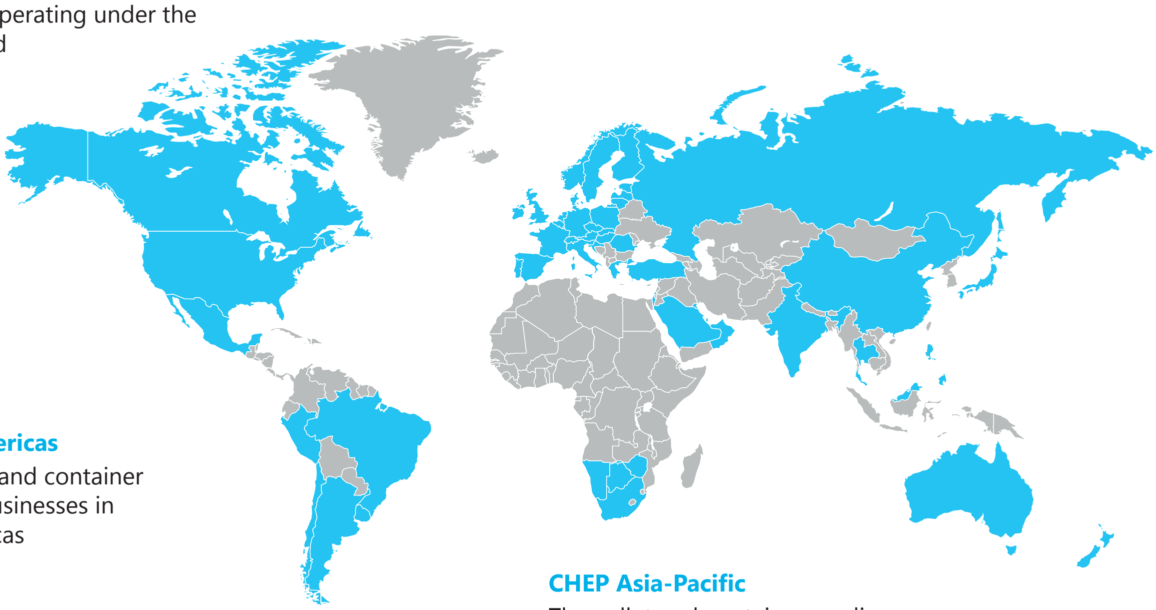
Operated a network of...
850+
service centres

Our Brands and Operations...

Brambles operates primarily through the CHEP and IFCO brands and manages its businesses within the following operating segments:

IFCO
The RPC (Reusable Plastic Crates) businesses in Europe, North America, South America and Asia operating under the IFCO brand

CHEP Europe Middle East and Africa (EMEA)
The pallet and container pooling businesses in EMEA and the CHEP-branded RPC business in South Africa



CHEP Americas
The pallet and container pooling businesses in the Americas

CHEP Asia-Pacific
The pallet and container pooling businesses in Asia-Pacific and the CHEP-branded RPC business in Australia and New Zealand

Letter from the Chairman

FY17 was a difficult year for Brambles and its shareholders. Despite resilient performances in most of our businesses, operating challenges in our US pallets business weighed on our overall financial performance.

This year was also one of transition and renewal, during which we welcomed our new CEO and CFO, took strategic actions in relation to our Oil and Gas, Aerospace and CHEP Recycled businesses and refocused our strategy on the core drivers of value.

Operating Challenges and Withdrawal of the FY19 Targets

We entered FY17 with confidence following a successful FY16 where we had achieved strong growth. Unfortunately, the unexpected challenges in our largest business, US pallets, which emerged in the final months of the 2016 calendar year, led to the lowering of the Company's FY17 guidance in February 2017.

The impact of these challenges on the Group's projections for FY18 and FY19, coupled with the need for financial flexibility to allow our businesses to meet the evolving needs of customers and maintain our network advantage, were the principal reasons for the Board's decision to withdraw the FY19 financial targets (originally announced to the market in December 2013). This decision also recognised the reality of the changing operating conditions and increasingly competitive landscape in our major markets.

While our FY17 performance was disappointing, the underlying strength of all of our businesses, including US pallets, remains intact.

Strategy

Looking forward, Brambles is committed to leveraging its global scale and industry-leading expertise as we collaborate with customers to build the supply chains of the future. We seek to deliver growth and operational excellence in our core pallet, RPC and container pooling businesses through a focus on the core drivers of value, which include: strengthening our network advantage; delivering operational and organisational efficiencies; driving disciplined capital allocation and improved cash generation; and developing our people.

We are also committed to investing in innovation and technology to explore the opportunities to support customers more closely. These include developing innovative solutions for omni-channel retail and e-commerce supply chains as well as exploring the role of technology in delivering customer insights and driving operational efficiencies.

Corporate Actions

We undertook a number of strategic actions during the year with the formation of the Hoover Ferguson Group joint venture in October 2016 and the divestment of our Aerospace business in November 2016. Furthermore, in line with the Group's strategy of focusing on our core pallet, RPC and container pooling businesses, we announced our intention to divest our North America whitewood pallet business, CHEP Recycled in August 2017.

Management

In keeping with the succession plan announced in August 2016, Graham Chipchase joined Brambles on 1 January 2017 before taking over as CEO from Tom Gorman on 20 February 2017.

Nessa O'Sullivan joined Brambles in October 2016 and formally succeeded Zlatko Todorcevski as Brambles' CFO on 17 November 2016. Both Graham and Nessa bring with them considerable leadership credentials and experience in publicly-listed companies.

Although I have already previously acknowledged both Tom and Zlatko's contribution to the success of Brambles, I would once again like to thank them for their many years of service to the Group.

In February this year we announced an organisational realignment and the opening of a new corporate office in London in July 2017 to position the CEO, CFO and other senior executives closer to the majority of Brambles' operations and customers. Importantly, Brambles remains an Australian company listed on the ASX with the corporate Head Office in Sydney.

With the Board's support, our new management team is committed to delivering long-term value for our shareholders, customers and employees by addressing our short-term challenges and building on Brambles' strong competitive position.

Board

Reflecting the CEO and CFO transitional arrangements, Graham Chipchase and Nessa O'Sullivan were appointed to the Board as Executive Directors on 20 February 2017 and 24 April 2017, respectively.

This year, we announced Christine Cross' decision to retire as a Non-Executive Director from Brambles' Board effective 31 August 2017. Christine's decision reflects her desire to minimise her travel commitments and focus on her European directorships and consultancy business. The Board thanks Christine for her valuable contribution to Brambles over the past three and a half years.

On behalf of all shareholders, I thank all of our employees for their dedication and hard work and look forward to their continuing contribution to the long-term success of our company.

Stephen Johns
Chairman

Sales Revenue[1]
US$5,104.3m
Up 6% at constant currency

Underlying Profit[1]
US$957.5m
Down 1% at constant currency

Total Dividends
29.0 AU cents per share
Final dividend of 14.5 AU cents per share (30% franked)

[1] Continuing operations

Letter from the CEO

Our strategy to *focus on the core drivers of value* reflects our priorities as we leverage Brambles' strengths to support our customers and deliver attractive returns for our shareholders, over the long term.

Today, Brambles operates in an increasingly competitive environment characterised by ongoing macroeconomic uncertainty and a customer base navigating the challenges of a rapidly evolving retail landscape and changing consumer behaviour. In this context, our priority as a company is to build upon the strength of our business model and competitive advantage to position Brambles as a partner of choice for our customers, as we help them build the supply chains of the future.

2017 Performance

Brambles delivered constant-currency sales revenue growth of 6% and Underlying Profit broadly in line with the prior year. Return On Capital Invested (ROCI) decreased 2.3 percentage points to 17.0% and Cash Flow from Operations increased by US$72.7 million.

Our FY17 performance was driven by solid revenue growth across most of our businesses, with notable contributions from our global IFCO RPC businesses and pallets businesses in Europe and Latin America. Our Underlying Profit performance was impacted by challenges in our US pallets business, which faced competitive and direct costs pressures. We are taking steps to address these challenges and it was good to see new business wins in the US pallets business during the second half of the year. A full analysis of our financial results is on pages 12 to 16 in the Operating & Financial Review.

Organisational Realignment

In February, I announced a realignment of Brambles' global organisational structure and a new executive leadership team. This included a flattening of the structure to allow me to be closer to the businesses and to achieve greater consistency of approach across the Group. The executive team, outlined on pages 20 to 21, also reflects a better balance between the operating and functional leaders of our business. Following the divestment of Aerospace and formation of the HFG joint venture, Containers is no longer a separate operating segment under the new structure.

People, Safety & Sustainability

Thanks to the professionalism of our people and deeply embedded safety culture, the Brambles Injury Frequency Rate has continued to improve and I am pleased to report no fatalities occurred in our operations during the year.

During FY17, we made good progress towards our 2020 sustainability goals. The value of our inherently sustainable business model continues to be recognised by our customers and investors, who choose to partner with and invest in Brambles to make a sustainable difference in their supply chains and businesses. Details can be found on pages 4 and 5 in the Operating & Financial Review.

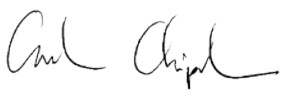
Strategy and Priorities

We will continue to build on Brambles' supply chain solutions strategy with a clear focus on the core drivers of value for our customers, shareholders and employees. The five core drivers are:

1. **Growing and strengthening our network advantage** that we derive from the integral role we play in our customers' supply chains. We are committed to strengthening our industry-leading position and optimising our network by investing in platform quality and differentiated, value-enhancing customer solutions;
2. **Delivering operational and organisational efficiencies** to reduce cost and improve productivity, by leveraging our global scale and implementing global best practice in areas such as procurement, plant automation and transport optimisation;
3. **Driving disciplined capital allocation and improved cash flow generation** by focusing our investment on core businesses and innovation, and delivering asset efficiencies. We will also seek to generate the cash needed to fully fund both dividends and reinvestment in the business;
4. **Innovating to create new value** by investing in technology that enhances our customer offering, product quality and efficiency. This includes increasing our investment in BXB Digital, a business established in 2016, to accelerate digital innovation in the areas of smart assets and data analytics; and
5. **Developing world-class talent** by empowering our people with individual skills and capabilities, building a leadership pipeline and fostering a safe, inclusive and diverse organisation.

Outlook

By focusing on our strategic priorities, Brambles will continue to deliver sustainable growth at returns well in excess of the cost of capital. Through the cycle, we expect constant-currency sales revenue growth in the mid-single digits and Underlying Profit growth to exceed sales revenue growth. To ensure we strike the right balance between growth and returns, ROCI is expected to remain in the mid-teens. We will also focus on generating sufficient cash to fully fund dividends and reinvestment for growth, innovation, and the development of our people.



Graham Chipchase
Chief Executive Officer

Cash Flow from Operations
US$591.5m
Up US$72.7m

Return on Capital Invested[1]
17.0%
Down 2.3 percentage points at constant currency

Brambles Injury Frequency Rate (BIFR)
6.6
Down from 9.7 in FY16

Operating Model

Brambles is the world-leading provider of supply chain logistics solutions based on the provision of reusable pallets, crates and containers for shared use by multiple participants throughout the supply chain, under a circular 'share and reuse' model known as pooling.

With in-depth knowledge of how supply chains work, Brambles has unique expertise that leverages its network advantage to provide customers with logistics solutions that improve the efficiency, safety and sustainability of their supply chains.

Inherently Sustainable Operating Model

Brambles' operating model follows the principles of the circular and sharing economies, which create more efficient supply chains by reducing operating costs and demand on natural resources. By promoting the reuse of assets among multiple parties in the supply chain, Brambles offers customers a more efficient and sustainable alternative to the use of disposable products or managing their own proprietary platforms.

Network Advantage and Supply Chain Expertise

Brambles' operating model is underpinned by its superior network advantage and industry-leading supply chain expertise, which have been developed over 70 years of managing customers' supply chains.

With leading positions in over 60 countries, Brambles' network advantage comprises the superior scale and density of its service centre network and the strength of its customer relationships in every market in which it operates.

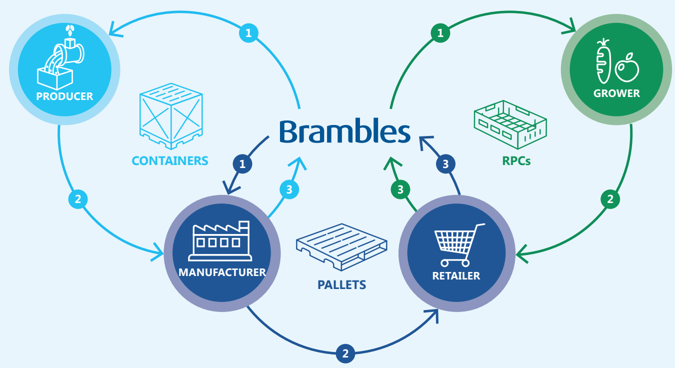
Sustainability Framework

Brambles' sustainability framework organises the Group's sustainability activities and goals under three broad programs: Better Business; Better Planet; and Better Communities.

The Group's 2020 goals are incorporated into this framework and address the material sustainability aspects of Brambles' value chain. These goals are also aligned to the United Nations Sustainable Development Goals (SDGs), in particular: SDG 12 Responsible Consumption and Production, which aligns with Brambles' sustainable business model. Further details of Brambles' sustainability framework and 2020 goals are located on Brambles' website.

In FY17, Brambles' Sustainability Risk Committee conducted a review of the economic, environmental and social sustainability risks to which the Group is subject. This review identified material sourcing and safety as the Group's material sustainability risks. Details of the Group's FY17 safety performance and material sourcing are detailed on pages 8 and 9 respectively. A full review of Brambles' sustainability risks and performance will be included in the 2017 Sustainability Review scheduled for publication in September 2017.

Share and reuse: How it works



1. Brambles provides standardised pallets, crates and containers to customers from its service centres as and when the customer requires.
2. Customers use this equipment and Brambles' support services to transport goods through the supply chain.
3. Customers either arrange for the equipment's return to Brambles or transfer it to another participant for reuse.

Using its network advantage and asset management expertise, Brambles seamlessly connects supply chain participants, ensuring the efficient flow of goods through the supply chain. By reducing transport distances and the number of platforms required to service the supply chain, Brambles delivers savings in which all participants share.

Brambles retains ownership of its equipment at all times, inspecting, cleaning and repairing it in order to maintain appropriate quality levels. Under its share and reuse model, Brambles generates sales revenue predominantly from rental and other service fees that customers pay based on their use of its platforms and services.

Customer Value Proposition

Brambles is integral to its customers' supply chains, optimising the flow of goods across the fast-moving consumer goods, fresh produce, beverage, retail and general manufacturing industries, globally.

With an inherently sustainable business model, superior network advantage and unique expertise, Brambles helps customers achieve operating and financial efficiencies otherwise not available through the use of disposable alternatives or proprietary platforms.

End-to-End Supply Chain Solutions

Brambles plays an integral role in customers' supply chains, working closely with all participants including manufacturers, producers, growers and retailers. With end-to-end visibility, Brambles has unique insights into what impacts the safe, efficient and sustainable operation of global supply chains.

By leveraging these insights and its unmatched expertise, Brambles offers customers comprehensive solutions that improve the performance of the supply chain and help address the challenges associated with the increasing complexity and rapid evolution of modern supply chains. Brambles' suite of customer solutions comprises:

Platform Solutions

Brambles offers customers the widest range of supply chain platforms including: pallets (timber, plastic and display), RPCs, bins, specialised containers as well as unit-load containment and safe handling equipment.

By eliminating the need for customers to purchase and manage their own platforms, Brambles reduces the capital requirements and complexity of customers' operations while simultaneously reducing waste from their supply chains.

System-Wide Solutions

Brambles conducts in-depth studies of customers' supply chains to map the flow of goods, information and platforms in order to identify the causes of network inefficiencies and product damage.

By determining the optimal mix of platforms and processes for customers' individual supply chains, Brambles can mitigate network inefficiencies and ensure the safe and sustainable transportation of goods through the supply chain.

Transportation Solutions

Brambles' superior network scale provides a unique capability to coordinate collaboration between multiple supply chain participants to deliver transport efficiencies. This includes matching and eliminating empty transport lanes, sharing transport and contracting transport for and from customers.

Retail Store Solutions

Brambles works closely with customers to develop store-solution strategies and consumer-facing platforms that improve the efficiency of the shared supply chain by increasing sales at lower costs to the supplier, retailer and consumer.

These merchandising and fulfilment solutions, which include full size and fractional display pallets, trays and RPCs, effectively reduce the time, labour and activity required to move goods from the point of production to the point of sale.

Manufacturing, Warehouse and Distribution Centre Solutions

Using its experience in managing platforms, optimising automated facilities and packaging performance testing, Brambles has developed solutions that improve the overall performance and efficiency of customers' facilities.

These solutions include: customising customers' platform processes; optimising how customers configure, build and protect product loads; and providing higher quality platforms and engineering counsel to improve the performance of automated facilities.

Environmental Benefits

Brambles' supply chain solutions help customers address key sustainability issues by managing deforestation risks associated with sourcing of wood for pallets and preventing the carbon emissions and solid waste associated with the production, use and disposal of single-use platform solutions. In 2017, Brambles successfully helped customers:

Eliminate 2.5 million tonnes of CO_2 and 1.4 million tonnes of waste by using pallets and RPCs

Save 1.6 million cubic metres of raw materials through the repair and reuse of pallets

Save 1.6 million trees and 4,600 megalitres of water through the share and reuse of pallets and RPCs

Eliminate 4,329 tonnes of food waste through the use of RPCs

Strategic Priorities

Brambles is committed to leveraging its global scale and industry-leading expertise as it collaborates with its customers to build the supply chains of the future.

Faced with a rapidly changing and increasingly competitive operating environment, Brambles' five strategic priorities are integral to the delivery of superior value for customers, shareholders and employees.

Grow and strengthen its network advantage	Deliver operational and organisational efficiencies	Drive disciplined allocation of capital and improved cash flow generation	Innovate to create new value	Develop world-class talent

Grow and Strengthen Our Network Advantage

Brambles' network advantage, comprising the scale and density of its customer and service centre network and its industry-leading asset management expertise, is critical to the Group's value proposition for both its customers and investors.

By investing in platform quality and a differentiated, value-enhancing service offering, Brambles is committed to optimising its network, growing its business and strengthening its industry-leading position.

Deliver Operational and Organisational Efficiencies

Through a focus on Group-wide operational and organisational efficiencies, Brambles seeks to offset the impact of cost inflation and competitive price pressures.

To achieve additional efficiencies, Brambles will seek to leverage its global scale and implement global best practice in areas such as procurement, plant automation and transport optimisation.

Drive Disciplined Allocation of Capital and Improved Cash Flow Generation

Brambles allocates capital to maintain and grow its existing businesses, to drive innovation and to diversify its portfolio of products and services.

Going forward, Brambles will adopt a more disciplined approach to capital allocation focused on: growing businesses with proven economic returns; a more measured expansion of new businesses achieving the right balance between near- and long-term returns; investing in innovation to deliver differentiated customer solutions; and a more focused strategy in relation to mergers and acquisitions.

A key strategic objective for the Group is improving the cash generation of the business. Brambles aims to achieve this through an increased focus on improving asset utilisation, reducing equipment loss and lowering equipment damage rates.

Innovate to Create New Value

Understanding customers' evolving needs and providing differentiated value-enhancing solutions is core to the sustainability of Brambles' business model and competitive advantage.

Faced with a changing retail landscape, including the expansion of e-commerce and omni-channel retail formats, Brambles is investing in new platform solutions that enable its customers to increase sales, gain greater market insights and improve operational efficiencies.

Brambles is also increasing its investment in its BXB Digital business, which is working to apply technology to collect and transform data into services that track goods, optimise operations and improve supply chain efficiency.

Develop World-Class Talent

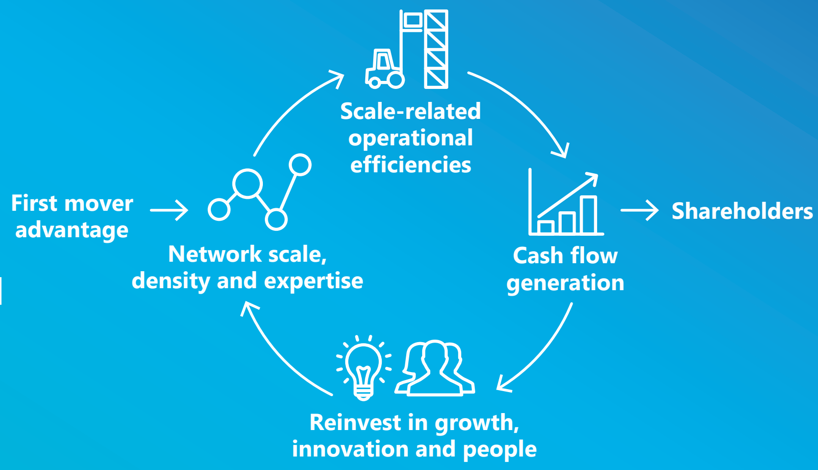
Successfully attracting and retaining high calibre people is integral to Brambles' ongoing success.

Brambles' key priorities for its employees are safety, engagement and capability. The Group is committed to fostering a culture of agility and innovation where employees can grow their skills and capabilities through comprehensive, world-class development programs.

Investor Value Proposition

Brambles generates value through a virtuous circle that leverages its network advantage of scale, density and expertise to achieve superior operational efficiencies.

These efficiencies in turn generate cash flow that can either be returned to shareholders or reinvested in the business to fund growth, innovation and development of its people.



Long-term Value Creation and Superior Shareholder Returns

Brambles shares the efficiencies generated by its scale, density and expertise with its customers, providing a compelling value proposition compared to alternatives. By providing customers with supply chain solutions in over 60 countries, Brambles offers shareholders exposure to geographically diversified earning streams primarily from the global consumer staples sectors.

The supply chains served by Brambles also provide a broad range of growth opportunities including: increasing penetration of core equipment-pooling products and services in existing markets; diversifying the range of products and services; entering new and adjacent parts of existing supply chains; and exploring the digitisation of supply chains.

Within this context, Brambles is committed to striking the right balance between growing its business and delivering superior shareholder returns over the long term. By focusing on its core drivers of value, Brambles expects to deliver through the cycle:

Sustainable growth and returns well in excess of the cost of capital

- Sales revenue growth[2] in the mid-single digits;
- Underlying Profit growth[2] in excess of sales revenue growth; and
- Return on Capital Invested in the mid-teens.

Cash generation to fund growth, innovation and shareholder returns

- Free Cash Flow sufficient to fully fund capital expenditure and dividends

Dividend Policy and Payment

Brambles has a progressive dividend policy. Under this policy, the Group seeks to maintain or increase dividend per share each year, in Australian cents, subject to its financial performance and cash requirements.

The Board has declared a final dividend for 2017 of 14.5 Australian cents per share, in line with the previous interim and final dividend. The 2017 final dividend will be 30% franked and is payable on 12 October 2017 to shareholders on the Brambles register at 5.00pm on 14 September 2017. The ex-dividend date is 13 September 2017.

Total dividends for the Year were 29.0 Australian cents per share, in line with the prior year. Brambles paid the 2017 interim dividend of 14.5 Australian cents per share on 13 April 2017.

Dividend Reinvestment Plan

Brambles' Board maintained the Dividend Reinvestment Plan (DRP) for the 2017 financial year. Shares issued under the DRP do not attract a discount. Any dilutive impact on earnings per share of DRP-issued shares will be neutralised through the transfer of existing shares to participating shareholders via on-market purchases rather than issuing new shares to them.

ESG Recognition

Third-party Environmental, Social and Governance (ESG) investor research consistently recognises Brambles' strong governance processes and the long-term sustainability of its business model and strategies. In 2017, Brambles was placed amongst the leading companies in the global industrial services sector by the following ESG research firms:

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MSCI

SUSTAINALYTICS

CDP DRIVING SUSTAINABLE ECONOMIES

[2] At constant currency

Key Performance Drivers and Metrics

Brambles monitors its performance and value creation through a number of non-financial and financial metrics. These include:

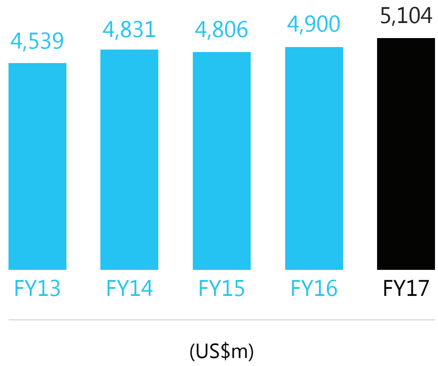
Sales Revenue Growth

Key Drivers

- General increases in sales volumes in line with economic/industry trends;
- The rate at which the Group expands its operations (often described as 'net new business wins'); and
- Movements in pricing and changes in product/customer mix.

5-Year Performance – Continuing Operations

Sales revenue of US$5,104.3 million in FY17, reflected a five-year compound annual growth rate of 7%, at fixed 30 June 2016 FX rates. This growth reflects the expansion of the global CHEP pallets and IFCO RPC businesses through the ongoing conversion of new customers to pooled solutions, new market entry and expansion of the core product offering.



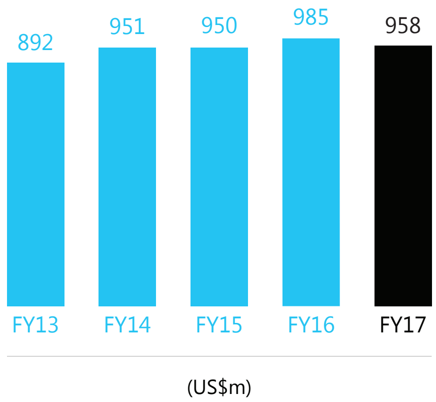
Underlying Profit

Key Drivers

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

5-Year Performance – Continuing Operations

Underlying Profit of US$957.5 million in FY17, reflected a five-year compound annual growth rate of 6%, at fixed 30 June 2016 FX rates. The profit performance in the period reflected sales revenue growth, the delivery of efficiencies primarily in the pallets businesses, and the impact on FY17 Underlying Profit of challenges in the US pallets business, losses in the HFG joint venture and increased investment in BXB Digital. Key drivers of profit improvement in the period included: the Global Supply Chain program to reduce operating costs by US$100 million from FY12 to FY15, primarily through plant network optimisation; and reductions in indirect costs worldwide as part of the One Better program.



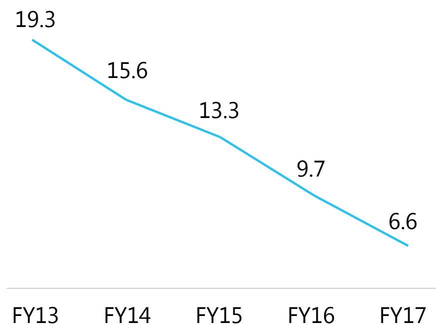
Safety

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

5-Year Performance

Brambles measures its safety performance through BIFR, which measures work-related injuries, fatalities, lost time, modified duties and incidents requiring medical treatment per million hours worked.

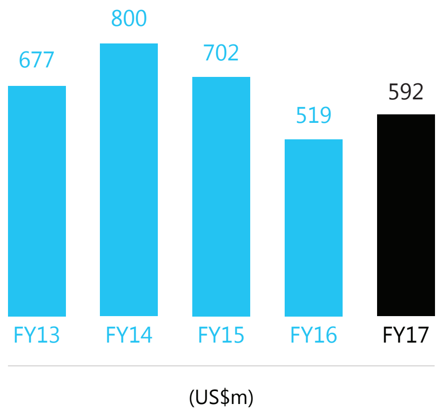
Brambles met its target of year-on-year improvement in the BIFR rate in FY17, recording a BIFR of 6.6, an improvement from 9.7 in FY16. This result reflects continuous improvement in the safety culture of Brambles. Brambles' Zero Harm Charter and safety targets align with SDG 3 Good Health and Wellbeing.



Cash Flow from Operations

Key Drivers
- Profitability;
- Capital expenditure; and
- Movements in working capital.

5-Year Performance – Continuing Operations
The five years to FY17 was a period of solid profit growth, facilitated largely by significant investments in capital expenditure to support growth. In addition, improved asset control practices contributed to reduced replacement capital expenditure relative to sales growth. In FY16, capital expenditure increased to support growth in the Pallets operations and there was a one-time change to payment processes that increased working capital. In FY17, Cash Flow from Operations largely reflected improved working capital movements which offset increases in capital expenditure (cash basis).

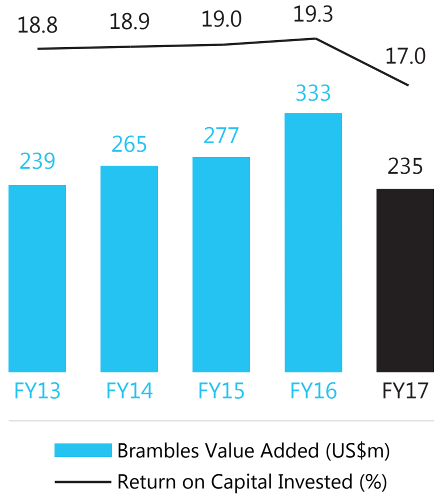


Return on Capital Invested (ROCI) and Brambles Value Added (BVA)

Key Drivers
- Capital expenditure on pooling equipment, which is primarily dependent on the rate of sales growth. Brambles' main capital cost exposures are raw materials, primarily wood and plastic resin;
- Asset control factors, i.e. the amount of pooling equipment not recoverable or repairable each year (and therefore requiring replacement); and
- Frequency with which customers return or exchange pooling equipment.

5-Year Performance – Continuing Operations
The trend in Brambles' key return on capital metrics ROCI and BVA over the five-year period ended 30 June 2017 reflected the Group's expansion through both organic growth and acquisitions. Return on Capital Invested declined from 18.8% in FY13 to 17.0% in FY17. The decline in FY17 reflected lower Underlying Profit and a significant increase in Average Capital Invested in line with higher equipment balances to support growth and the recognition of the Group's investment in the HFG oil and gas containers joint venture following its formation in FY17. Prior year comparatives recognise Brambles' Oil and Gas containers businesses in discontinued operations and are therefore not captured in this chart.

The trend in BVA – a measure of economic profit over and above the cost of capital invested to create that profit – was driven by the same factors as ROCI.

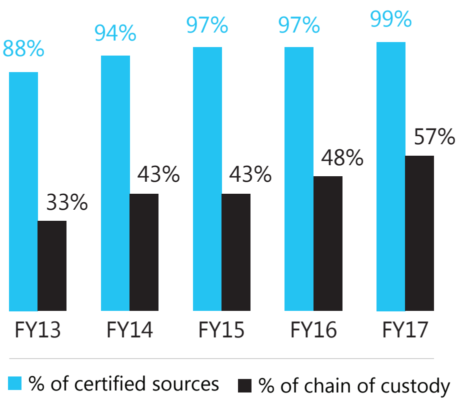


Material Sourcing

Ongoing secure supply of materials for the production and repair of pooling equipment, in particular wood used for pallets, is critical to Brambles.

5-Year Performance
Brambles aims to procure 100% of its wood supply from certified sources by 2020. In FY17, 99.1% of Brambles' wood supply was from certified sources, representing a 2.1 percentage point improvement on FY16 levels.

Brambles also aspires to achieve 100% chain-of-custody certification for its global wood supply. This objective seeks to preserve and enhance the Group's key resource dependency and is directly linked to SDG 15 Sustainable Use of the World's Forests and SDG 13 Climate Action. In line with this goal, the percentage of wood with chain-of-custody certification increased to 57% in FY17 from 48% in FY16.



Strategic and Operating Risks

Brambles' risk management framework, as described in the Corporate Governance Statement on Brambles' website, incorporates effective risk management into its strategic planning processes and requires business operating plans to effectively manage key risks. The key risks to Brambles' ability to achieve its financial and strategic objectives and respective mitigating actions are:

Risk	Implication	Mitigating actions
Macro-economic conditions	Macro-economic conditions, or economic conditions affecting the supply chain or industries in which Brambles' customers operate, may affect demand for Brambles' services and/or its financial performance	• Continued focus on driving growth through investment in expanded customer value proposition, and targeted diversification in opportunities with attractive long-term characteristics
Industry trends in the retail, grocery and consumer goods supply chains	Industry trends (e.g. fragmentation of the retail supply chain, growth of e-commerce, demand for different pooling equipment materials or designs) could affect demand for Brambles' current service offerings, the value of its existing assets, and/or its financial performance	Ongoing programs to: • Drive customer intimacy throughout the supply chain and uncover opportunities to leverage the Group's unique global scale and value proposition; and • Create new products and service lines to meet customers' requirements
Maintaining the quality of pooled equipment in line with customer needs	A failure to maintain adequate quality standards may result in reduced customer satisfaction, additional costs and affect the Group's financial performance	• Strict adherence to equipment quality standards, including continuous monitoring of critical-to-quality metrics to assess and ensure quality of products issued to customers
Maintaining control of pooling equipment	The loss of pooled equipment is inherent in Brambles' business model. Failure to maintain appropriate asset control and recovery processes may result in additional costs and affect the Group's financial performance	• Dedicated asset control teams across all business units and creation of a comprehensive system of processes to increase the timely collection of assets • Regular schedule of customer equipment inventory audits to assess key asset recovery metrics and identify potential control issues
Competitors	Brambles operates in competitive markets. Increasing intensity of competitor activity could affect Brambles' market penetration and financial performance	• Leverage Brambles' unique global scale, network advantage and sustainable business model to deliver customer value and strengthen relationships • Rejuvenated innovation program and establishment of BXB Digital to explore the role of technology in Brambles' business and customer offering
Retailer acceptance of pooled solutions	Retailers are integral to Brambles' operating model. A reduction or loss of retailer support for pooled solutions in their supply chains could result in a loss of customers and/or market penetration and adversely impact Brambles' financial performance	• Dedicated teams with executive-level responsibility for strengthening retailer relationships, identifying retailer-specific product requirements and ensuring retailers understand Brambles' value proposition • Improving the value proposition for retailers through the implementation of joint business plans
Innovation	The successful innovation of products and services is an important component of Brambles' ability to meet its financial and strategic objectives	• Formation of BXB Digital to engage in innovation of products and services in the digital space • Rejuvenated innovation program focused on existing products and services
Failure of information systems and technology (IT) and cyber security	Brambles relies on its IT systems to operate its business. A disruption to those systems due to their failure, or the unauthorised access to or use of them, could adversely impact Brambles' ability to serve its customers or compromise customer or employee data, resulting in reputational damage and/or financial loss	• Adoption and testing of: disaster recovery plans to ensure IT systems can be recovered; and business continuity plans to ensure the business can operate in the event of interruptions or failure of its IT systems • Implementing technologies and processes to ensure systems are protected, unauthorised or inappropriate activities are detected and responded to promptly
Regulatory compliance	Brambles operates in a large number of countries with widely differing legal regimes, legislative requirements and compliance cultures. A failure to comply with regulatory obligations and local laws could adversely affect Brambles' operational and financial performance and its reputation	• Code of Conduct which provides a framework for detailed policies addressing regulatory compliance • Adoption of Group-wide online compliance training programs to supplement face-to-face training • Dedicated Compliance Manager responsible for monitoring the implementation and ongoing application of compliance management systems
Attraction and retention of talent	A failure to attract, develop and retain high performing individuals could adversely impact Brambles' ability to implement and manage its strategic objectives	• Detailed talent management and succession planning processes to identify high potential employees and prepare successors for senior executive positions • Formal mentoring programs offered to all employees

Financial Position and Financial Risk Management

Capital Structure

Brambles manages its capital structure to maintain a solid investment-grade credit rating. During FY17, Brambles held investment-grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

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

Treasury Policies

Brambles' treasury function is responsible for the management of certain financial risks within Brambles. Key treasury activities include liquidity management, interest rate and foreign exchange risk management, and securing access to short- and long-term sources of debt finance at competitive rates. These activities are conducted on a centralised basis in accordance with Board policies and guidelines, through standard operating procedures and delegated authorities.

These policies provide the framework for the treasury function to arrange and implement lines of credit from financiers, select and deal in approved financial derivatives for hedging purposes, and generally execute Brambles' financing strategy.

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

Funding and Liquidity

Brambles funded its operations during FY17 primarily through retained cash flow and borrowings. Brambles generally sources borrowings from relationship banks and debt capital market investors on a medium-to-long-term basis.

Bank borrowing facilities were either maintained or renewed throughout the Year. These facilities are generally structured on a multi-currency, revolving basis with maturities ranging to 2021. Borrowings under the 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 paid either annually or semi-annually. At balance date, loan notes had maturities out to October 2025.

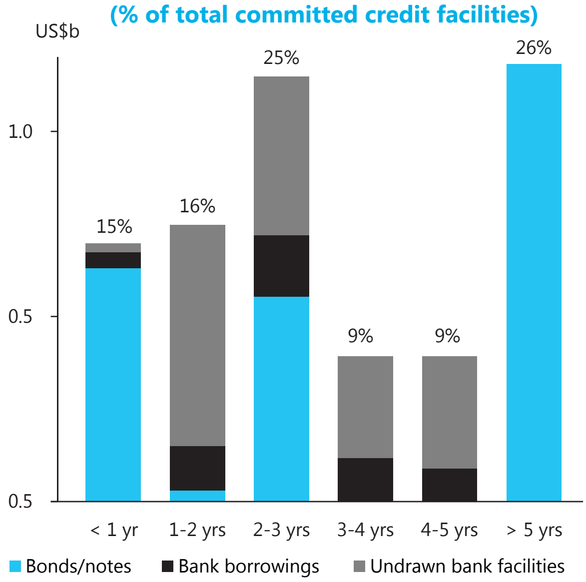
A €500 million Euro Medium Term Note matures in April 2018. Brambles expects to refinance this note prior to its maturity in the debt capital markets. Consistent with its Liquidity and Funding Risk Policy, Brambles has sufficient undrawn committed bank facilities to repay this obligation.

Net Debt and Key Ratios

	June 2017	June 2016	Change
Current debt	673.4	201.7	471.7
Non-current debt	2,059.0	2,576.2	(517.2)
Gross debt	**2,732.4**	**2,777.9**	**(45.5)**
Less cash	(159.7)	(156.1)	(3.6)
Net debt	**2,572.7**	**2,621.8**	**(49.1)**
Key ratios	FY17	FY16	
Net debt to EBITDA	1.73x	1.70x	
EBITDA interest cover	15.0x	13.5x	

Brambles' financial policy is to target a net debt to EBITDA ratio less than 1.75 times. Key financial ratios continue to reflect the Group's strong balance sheet position and remain well within the financial covenants included in Brambles' major financing agreements.

Maturity Profile of Committed Borrowing Facilities and Outstanding Bonds (% of total committed credit facilities)



As at 30 June 2017, Brambles' total committed credit facilities were US$4.1 billion. The average term to maturity of Brambles' committed credit facilities as at 30 June 2017 was 3.7 years (2016: 4.3 years). In addition to these facilities, Brambles enters into operating leases for office and operational locations and certain plant and equipment to achieve flexibility in the use of certain assets. The rental periods vary according to business requirements.

1. Financial Review

1.1 Group Overview

1.1.1 Summary of 2017 Financial Result

US$m			Change	
(Continuing operations)	FY17	FY16	Actual FX	Constant FX
CHEP Americas	2,073.5	2,010.5	3%	4%
CHEP EMEA	1,575.2	1,550.1	2%	5%
CHEP Asia-Pacific	484.8	457.8	6%	3%
IFCO	970.8	881.7	10%	12%
Sales revenue	**5,104.3**	**4,900.1**	**4%**	**6%**
CHEP Americas	395.1	439.4	(10)%	(9)%
CHEP EMEA	387.1	386.0	0%	4%
CHEP Asia-Pacific	112.1	100.9	11%	6%
IFCO	117.6	97.3	21%	22%
Corporate	(54.4)	(39.1)		
Underlying Profit	**957.5**	**984.5**	**(3)%**	**(1)%**
Significant Items	(186.1)	(39.2)		
Operating profit	**771.4**	**945.3**	**(18)%**	**(17)%**
Net finance costs	(98.7)	(112.9)	13%	13%
Tax expense	(227.8)	(240.1)	5%	4%
Profit after tax from continuing operations	**444.9**	**592.3**	**(25)%**	**(23)%**
Loss from discontinued operations	**(262.0)**	**(4.6)**		
Profit after tax	**182.9**	**587.7**	**(69)%**	**(69)%**
Average Capital Invested	5,646.4	5,096.4	11%	12%
Return on Capital Invested	**17.0%**	**19.3%**	**(2.3)pp**	**(2.3)pp**
Weighted average number of shares (m)	1,588.3	1,577.6	1%	1%
Basic EPS (US cents)	**11.5**	**37.3**	**(69)%**	**(69)%**
Basic EPS from continuing operations (US cents)	**28.0**	**37.5**	**(25)%**	**(23)%**

Sales revenue from continuing operations was US$5,104.3 million, an increase of 4% at actual FX rates over the prior year. On a constant-currency basis, sales revenue growth of 6% was primarily driven by: new business in Europe pallets; expansion with new and existing RPC customers in IFCO; and continued momentum in the Latin America pallets businesses. Growth in the US pallets business was modest, as increased competition put pressure on volume and pricing growth in the period.

Underlying Profit of US$957.5 million from continuing operations, which excludes Significant Items, declined 3% over prior year at actual FX rates. Underlying Profit at constant currency declined 1%, to be broadly in line with the prior year. The Underlying Profit result reflects:

- The contribution from sales growth across all the operating segments with lower price realisation in the major US and European pallets markets;
- Direct cost increases in the US pallets business due to: increased costs associated with accelerated sales growth in the prior year; structural changes to the network cost structure; and other one-off costs relating to excess pallet inventories during the year.
- Increased depreciation charges across the Group; and
- Higher Corporate segment costs due to the inclusion of the HFG joint venture losses of US$12.5 million and BXB Digital investment costs of US$10.3 million. These costs were partly offset by other cost reductions.

Operating profit from continuing operations (which includes Significant Items) of US$771.4 million declined 18% at actual FX rates and 17% at constant currency. Significant Items of US$186.1 million included a US$120 million non-cash impairment of the Group's investment in the HFG joint venture and costs associated with the One Better program, the CHEP and IFCO brand refresh and other organisational restructuring initiatives announced in FY16 and FY17.

Profit after tax from continuing operations of US$444.9 million declined 25% at actual FX rates. The constant-currency decline of 23% reflected lower operating profit and a higher effective tax rate on statutory profit before tax of 33.9% (FY16: 28.8%), partly offset by a reduction in net finance costs.

Net finance costs of US$98.7 million decreased 13%, primarily due to interest income on the HFG joint venture shareholder loan and deferred consideration.

Tax expense of US$227.8 million decreased 5% largely reflecting the geographic mix of profits. The effective tax rate on Underlying Profit from continuing operations was 28.8%, marginally below the prior year.

Profit after tax of US$182.9 million declined 69% at actual FX and constant-currency rates and included a US$243.8 million non-cash impairment of Brambles' North America recycled pallets business, CHEP Recycled, which was classified as held for sale and recognised in discontinued operations in FY17.

Average Capital Invested of US$5,646.4 million increased 11% at actual FX rates and 12% at constant currency due to:

- Higher pooling equipment balances to support volume growth in the current year and the full-year impact of the significant growth in the US pallet pool during FY16;
- The impact of the Group's investment in the HFG joint venture, which included the equity investment, deferred consideration and a shareholder loan. The prior year comparative has been restated to reflect the recognition of Aerospace, Oil and Gas, and North America recycled pallets businesses as discontinued operations.

Return on Capital Invested of 17.0% declined by 2.3 percentage points at actual FX and constant-currency rates, due to lower Underlying Profit, largely in the US pallets business and the increase in Average Capital Invested.

Basic EPS of US11.5 cents per share declined 69% in actual FX and constant-currency terms, largely due to the impairments of CHEP Recycled and the HFG joint venture investment.

1.1.2 Cash Flow Reconciliation

US$m	FY17	FY16	Change
Underlying Profit	957.5	984.5	(27.0)
Depreciation and amortisation	526.7	502.1	24.6
EBITDA	**1,484.2**	**1,486.6**	**(2.4)**
Capital expenditure (cash basis)	(1,060.1)	(1,035.4)	(24.7)
Proceeds from sale of PP&E	108.9	99.0	9.9
Working capital movement	(25.0)	(129.3)	104.3
IPEP expense	89.2	74.7	14.5
Other	(5.7)	23.2	(28.9)
Cash Flow from Operations	**591.5**	**518.8**	**72.7**
Significant Items	(50.0)	(41.9)	(8.1)
Discontinued operations	2.0	(13.4)	15.4
Financing costs and tax	(319.3)	(291.8)	(27.5)
Free Cash Flow	**224.2**	**171.7**	**52.5**
Dividends paid	(348.0)	(205.1)	(142.9)
Free Cash Flow after dividends	**(123.8)**	**(33.4)**	**(90.4)**

Cash Flow from Operations of US$591.5 million increased by US$72.7 million over the prior year as movements in working capital offset increases in capital expenditure (cash basis) and unfavourable movements in other cash flow.

- Movements in working capital resulted in a US$104.3 million increase in cash flow due to the cycling of one-off increases in prior year outflows associated with standardisation of payments practices.
- Capital expenditure (cash basis) increased US$24.7 million, primarily due to the timing of payments relating to higher capital commitments in FY16. This increase is despite a reduction in capital spend across the group in FY17 on an accruals basis.
- IPEP expense increased US$14.5 million, primarily due to a combination of volume growth across the Group and higher unit pallet values used in the IPEP calculation for both the Europe and Latin America pallets businesses.
- Other cash flow movements resulted in a decrease of US$28.9 million, primarily reflecting reduced provisions for employee-related payments in the current year, as well as the payment of an earn-out relating to a prior year acquisition.

Free Cash Flow after dividends was a deficit of US$123.8 million, reflecting increased cash dividend payments over the prior year. This is largely due to the neutralisation of the Dividend Reinvestment Plan (DRP) in the current year. Dividend payments were lower in the prior year as the impact of the DRP was not neutralised.

1.2 Segment Analysis

1.2.1 CHEP Americas

US$m			Change	
	FY17	FY16	Actual FX	Constant FX
Pallets	2,025.4	1,969.2	3%	4%
Containers	48.1	41.3	16%	16%
Sales revenue	**2,073.5**	**2,010.5**	**3%**	**4%**
Operating profit	377.3	426.3	(11)%	(10)%
Significant Items	(17.8)	(13.1)		
Underlying Profit	**395.1**	**439.4**	**(10)%**	**(9)%**
Average Capital Invested	1,958.7	1,750.4	12%	13%
ROCI	**20.2%**	**25.1%**	**(4.9)pp**	**(4.8)pp**

Corporate actions: CHEP Recycled, Brambles' North America recycled pallets business, which was formerly part of CHEP Americas, has been classified as held for sale and recognised in discontinued operations in FY17, pending its divestment. Prior year comparatives for CHEP Americas have been restated.

Sales revenue

Pallets' sales revenue was US$2,025.4 million, an increase of 3% at actual FX rates. Constant-currency growth of 4% was primarily driven by strong expansion in Latin America pallets and modest volume growth in the US and Canada pallets business.

US pallets' revenue was US$1,513.7 million, up 2% comprising:

- like-for-like volume growth of 1%, including improved volumes in the second half of year following particularly challenging trading conditions in the second quarter;
- net new business growth of 1%, reflecting the rollover impact of prior year contract wins and new business wins during the year. The rate of net new business growth was lower than prior years due to increased competitive pressures and lower whitewood pallet prices, which slowed the rate of new customer conversions to pooled pallet solutions. The rate of net new business growth increased in the final quarter of the fiscal year following several contract wins; and
- Reduced price realisation due to competitive pressures and unfavourable customer mix. During the second half of the year the business was also cycling strong price and sales mix performances in the prior corresponding period, primarily due to an increased proportion of sales from higher cost-to-serve channels.

Canada pallets' sales revenue was US$241.2 million, an increase of 2% on both an actual FX and constant-currency basis, reflecting solid like-for-like volume growth and sales mix benefits in the current fiscal year, which more than offset the impact of prior year contract losses.

Latin America pallets' sales revenue of US$270.5 million increased 12% at actual FX rates. Constant-currency growth of 18% largely reflected: strong like-for-like volume growth; net new business growth particularly in Mexico, Brazil and Central America; and solid pricing growth consistent with the inflationary environment in the region.

Containers' sales revenue (comprising the IBCs and Automotive businesses in the region) was US$48.1 million, an increase of 16% on both an actual FX and constant-currency basis, reflecting strong volume growth with new and existing customers in both Automotive and IBCs.

Profit

Underlying Profit for the region of US$395.1 million declined 10% at actual FX rates over the prior year. The primary driver of this decline was lower Underlying Profit in the US pallets business reflecting: lower margins in line with increased competition; higher cost-to-serve and increased depreciation expenses relating to the accelerated sales growth in the second half of the prior year; and structural changes to the network cost structure. One-off costs relating to excess pallet holdings and lower demand in the second and third quarter of the fiscal year also impacted the performance of the business in FY17.

The constant-currency decline of 9% reflected:

- Volume, price and mix contributions of US$40 million, reflecting strong growth in Latin America pallets, and modest contributions from volume growth in the US and Canada pallets businesses;
- Net plant cost increases of US$27 million, primarily in the US pallets business, as higher pallet repair volumes following strong growth in the second half of the prior year, other structural cost increases and one-off costs associated with excess pallet holdings were unable to be fully offset by supply chain efficiencies. Higher operating costs in the Canada pallets business associated with the transition to the "block" type pallet and inflationary impacts in the Latin America pallets business also contributed to plant cost increases in the period;
- Net transport costs increases of US$19 million as supply chain efficiencies did not fully offset additional costs associated with higher pallet inventory balances and structural cost pressures in the US pallets business;
- Depreciation expense increases of US$25 million due to the significant capital investment in the US pallet pool in the prior year in anticipation of higher growth, as well as investments in pallets to support growth in Latin America; and
- Indirect cost increases of US$8 million, largely reflecting higher IPEP expenses due to customer mix changes in the US pallets business and a combination of volume growth and higher unit pallet values in the Latin America pallets business.

Operating profit of US$377.3 million declined 11% at actual FX rates and 10% at constant currency. Significant Items of US$17.8 million primarily related to the One Better program, the roll out of the CHEP brand refresh in the US pallets business and other restructuring initiatives.

Return on Capital

Return on Capital Invested was 20.2%, down 4.9 percentage points, reflecting the decline in Underlying Profit and growth in Average Capital Invested. The growth in Average Capital Invested was primarily due to: capital expenditure to support volume growth, particularly in Latin America; and the significant growth in the size of the US pallet pool, particularly in the prior fiscal year.

1.2.2 CHEP EMEA

US$m			Change	
	FY17	FY16	Actual FX	Constant FX
Pallets	1,358.3	1,343.1	1%	5%
RPCs	25.8	20.6	25%	16%
Containers	191.1	186.4	3%	6%
Sales revenue	**1,575.2**	**1,550.1**	**2%**	**5%**
Operating profit	375.1	382.2	(2)%	2%
Significant Items	(12.0)	(3.8)		
Underlying Profit	**387.1**	**386.0**	**0%**	**4%**
Average Capital Invested	1,568.4	1,464.5	7%	9%
ROCI	**24.7%**	**26.4%**	**(1.7)pp**	**(1.2)pp**

Sales revenue

Pallets' sales revenue was US$1,358.3 million, an increase of 1% at actual FX rates on the prior year. Constant-currency growth of 5%, reflected strong volume growth in all regions and price increases in Africa, India & Middle East.

Europe pallets' sales revenue was US$1,194.6 million, in line with prior year at actual FX rates. At constant currency, sales revenue growth was 5%, comprising:

- like-for-like volume growth of 1%, largely reflecting solid demand in the fast-moving consumer goods and produce sectors;
- net new business growth of 4% driven by broadly equal contributions from new contract wins across the region and the rollover impact of contracts won during the prior year; and
- modest price declines, in line with lower inflation-related price indexation and specific pricing actions in the region.

Within Europe pallets:

- Northern Europe pallets' (comprising UK and Ireland) sales revenue was US$304.0 million, a decline of 10% at actual FX rates, reflecting the weaker British pound. At constant currency revenue increased 3%;
- Southern Europe pallets' (comprising Iberia, Italy, Turkey and Greece) sales revenue was US$353.8 million, an increase of 3% at actual FX rates and 4% at constant currency;
- Western Europe pallets' (comprising France and Benelux) sales revenue was US$257.8 million, an increase of 4% at actual FX rates and 5% at constant currency; and
- Central & Eastern Europe pallets' (including Germany, Poland and the Nordics) sales revenue was US$279.0 million, an increase of 6% at actual FX rates and 7% at constant currency.

Africa, India & Middle East pallets' sales revenue of US$163.7 million increased 10% at actual FX rates and 5% at constant currency on the prior year. The increase was primarily driven by price increases and net new business wins. Like-for-like volumes were broadly flat during the period.

RPC sales revenue was US$25.8 million, an increase of 25% at actual FX rates and 16% at constant currency, reflecting price increases and strong like-for-like volume growth.

Containers' sales revenue (comprising the IBCs and Automotive businesses in the region) was US$191.1 million, an increase of 3% on the prior year at actual FX rates. Constant-currency growth of 6% primarily reflected: customer and product mix benefits and strong like-for-like volume growth with Original Equipment Manufacturers (OEMs) in Automotive Europe; like-for-like volume declines and lower new equipment sales in IBCs; and the full year contribution of the Kegstar keg pooling business.

Profit

Underlying Profit of US$387.1 million was broadly flat to prior year at actual FX rates. Underlying Profit increased 4% at constant currency, reflecting:

- Volume, price and mix contributions of US$30 million due to strong volume growth in the Europe pallets and Automotive businesses as well as price and mix benefits in both Africa, India & Middle East pallets and Automotive businesses;
- Net plant costs decreases of US$3 million, primarily due to supply chain efficiencies in Europe pallets;
- Net transport costs increases of US$3 million, as supply chain efficiencies partially offset higher costs relating to asset recovery activities in the Europe pallets businesses and cost inflation in the Africa, India & Middle East pallets businesses;
- Depreciation expense increases of US$8 million due to investments in the pool to support volume growth; and
- Indirect cost increases of US$8 million primarily related to higher IPEP expense in European pallets largely due to volume growth and higher unit pallet values.

Operating profit of US$375.1 million decreased 2% at actual FX rates but increased 2% on a constant-currency basis. Significant Items of US$12.0 million primarily related to the One Better program and other restructuring initiatives undertaken during the year.

Return on Capital

Return on Capital Invested was 24.7%, down 1.7 percentage points, reflecting flat Underlying Profit and growth in Average Capital Invested. The growth in Average Capital Invested was primarily due to capital expenditure to support volume growth.

1.2.3 CHEP Asia-Pacific

US$m			Change	
	FY17	FY16	Actual FX	Constant FX
Pallets	331.9	317.6	5%	1%
RPCs	98.1	89.5	10%	5%
Containers	54.8	50.7	8%	6%
Sales revenue	**484.8**	**457.8**	**6%**	**3%**
Operating profit	110.9	100.6	10%	6%
Significant Items	(1.2)	(0.3)		
Underlying Profit	**112.1**	**100.9**	**11%**	**6%**
Average Capital Invested	427.8	413.0	4%	2%
ROCI	**26.2%**	**24.4%**	**1.8pp**	**1.1pp**

Sales revenue

Pallets' sales revenue was US$331.9 million, an increase of 5% at actual FX rates. Constant-currency growth of 1% reflected modest pricing gains and like-for-like volume growth in Australia & New Zealand. This was partially offset by lower revenues in the Asia pallets businesses, primarily relating to the ongoing reduction in plastic-pallet revenues in China.

Within Pallets:

- Australia and New Zealand sales revenue was US$290.0 million, an increase of 6% at actual FX rates and 2% at constant currency; and
- Asia sales revenue was US$41.9 million, a decline of 6% at actual FX rates and 3% at constant currency.

RPC sales revenue was US$98.1 million, an increase of 10% at actual FX rates and 5% at constant currency, driven by solid volume growth with new and existing customers.

Containers' sales revenue (comprising the IBCs and Automotive businesses in the region) was US$54.8 million, an increase of 8% at actual FX rates. Constant-currency growth of 6% reflected strong volume growth in IBCs and the Automotive business in Asia.

Profit

Underlying Profit was US$112.1 million, an increase of 11% at actual FX rates and 6% at constant currency. Current year performance includes a contribution to Underlying Profit of US$23 million, which will not recur in FY18 due to the roll off of a large Australian RPC contract and the impact of automotive plant closures on a number of Australian automotive contracts. This contribution also included the earnings benefits associated with fully written-down assets relating to these income streams.

At constant currency:

- Volume, price and mix contribution was US$12 million;
- Net plant and net transport costs increased US$2 million as supply chain efficiencies largely offset cost inflation;
- Depreciation expense decreased US$1 million; and
- Other indirect costs increased US$5 million, primarily in China, relating to the impairment of automotive assets, lower government subsidies and higher insurance costs.

Operating profit was US$110.9 million, an increase of 10% at actual FX rates and 6% at constant currency, and included Significant Items of US$1.2 million primarily relating to the One Better program.

Return on Capital

Return on Capital Invested was 26.2%, up 1.8 percentage points, reflecting the Underlying Profit growth and minimal growth in Average Capital Invested.

1.2.4 IFCO

US$m			Change	
	FY17	FY16	Actual FX	Constant FX
Sales revenue	**970.8**	**881.7**	**10%**	**12%**
Operating profit	116.7	100.2	16%	17%
Significant Items	(0.9)	2.9		
Underlying Profit	**117.6**	**97.3**	**21%**	**22%**
Average Capital Invested	1,582.3	1,530.1	3%	4%
ROCI	**7.4%**	**6.4%**	**1.0pp**	**1.1pp**

Sales revenue

Sales revenue in IFCO RPCs was US$970.8 million, up 10% at actual FX rates and 12% at constant currency, reflecting strong growth with new and existing retailers in all regions. Regional contributions were as follows:

- Europe sales revenue was US$672.7 million, an increase of 8% at actual FX rates and 11% at constant currency, reflecting strong volume growth with most retail partners during the year. Net new business wins contributed 3% growth with broadly equal contributions from contract wins in the period and the rollover impact of contract wins in the prior year;
- North America sales revenue was US$223.4 million, an increase of 12% on both an actual FX and constant-currency basis, reflecting improved pricing and strong like-for-like volume growth with key retailers; and
- Other regions' (comprising South America and Asia) sales revenue was US$74.7 million, an increase of 22% at actual FX rates and 20% at constant currency, largely reflecting the contribution from the IFCO Japan and Empacotecnia (Colombia) acquisitions.

Profit

Underlying Profit was US$117.6 million, up 21% at actual FX rates and up 22% at constant currency, primarily reflecting an improved profit performance in the North America business following revenue and cost challenges in the prior fiscal year. At constant currency:

- Volume, price and mix contribution of US$31 million, largely driven by strong volume growth and pricing impacts in North America and South America;
- Net plant costs decreases of US$1 million, largely due to plant cost efficiencies in Europe;
- Net transport costs decreases of US$5 million driven by strong performance in North America following headwinds in the prior corresponding period relating to the loss of advocacy of a major retailer;
- Depreciation expense increases of US$6 million due to investments in the pool to support volume growth; and
- Other indirect costs increases of US$9 million, reflecting increased costs in line with the growth.

Operating profit was US$116.7 million, an increase of 16% at actual FX rates and 17% at constant currency, and included Significant Items of US$0.9 million in the current period relating to the IFCO brand refresh. Significant Items in the prior corresponding period largely reflected the fair value gain on the acquisition of IFCO Japan.

Return on Capital

Return on Capital Invested was 7.4%, up 1.0 percentage point, reflecting strong Underlying Profit growth and modest increases in Average Capital Invested.

Board & Executive Leadership Team

Board of Directors

Stephen Johns Non-Executive Chairman (Independent)

Chairman of the Nominations Committee and member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in August 2004 and was appointed Chairman in September 2014. He is a Non-Executive Director of Goodman Group and a former Chairman and a Non-Executive Director of Leighton Holdings and Spark Infrastructure Group, and a former Executive and Non-Executive Director of Westfield Group. Stephen had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He is also a Director of the Garvan Institute of Medical Research. He has a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. Age: 70.

Graham Chipchase Chief Executive Officer

Chairman of the Executive Leadership Team

Joined Brambles at the beginning of January 2017 as Chief Executive Officer Designate and became Chief Executive Officer on 20 February 2017. Prior to Brambles, Graham was Chief Executive Officer of Rexam plc, one of the world's largest consumer packaging companies, from 2010 to June 2016. Graham had first joined Rexam in 2003 as Group Finance Director before moving to Group Director of Plastic Packaging. Graham left Rexam in June 2016, after Rexam was successfully acquired by Ball Corporation. He is also a Non-Executive Director of AstraZeneca plc and chair of its Remuneration Committee. He holds a MA (Hons) Chemistry from Oriel College, Oxford and is a fellow of the Institute of Chartered Accountants in England and Wales. Age: 54.

Christine Cross Non-Executive Director (Independent)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in January 2014. She is a Non-Executive Director of Sonae Group, Kathmandu, Hilton Food Group and Coca-Cola European Partners and previously served on the Boards of Plantasjen, Woolworths, Next, Empire Canada, Fairmont Hotel Group Canada and Taylor Wimpey and as Chief Retail Advisor for PricewaterhouseCoopers. Christine is a food scientist by background, having lectured at Edinburgh and Bath Universities for 15 years prior to joining Tesco. From 1989 to 2003, she held a variety of Director-level roles at Tesco, focusing on own brand, non-food and global sourcing, and international and small format expansion. Christine left Tesco in 2003 and now runs a retail advisory business providing international best practice in customer-led business planning and value chain management. She currently retains the title of Visiting Professor at Belfast and Hull University Business Schools. Christine has a Bachelor of Education degree, Master of Science in Food Science degree and a Diploma in Management. Christine will retire as a Director on 31 August 2017. Age: 66.

George El Zoghbi Non-Executive Director (Independent)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in January 2016. George has extensive international consumer packaged goods and supply-chain experience. He is currently Chief Operating Officer of US commercial businesses for Kraft Heinz Company, based in Chicago, USA, and prior to the merger of Kraft Foods Group and Heinz in July 2015, George was Chief Operating Officer of Kraft. Prior to joining Kraft in 2007, he held a number of executive roles with Fonterra Cooperative and various managerial and sales roles with Associated British Foods. He holds a Diploma of Business, Marketing, as well as a Masters of Enterprise from the University of Melbourne and has also completed an Accelerated Development Program at MC London Business School in the United Kingdom. Age: 50.

Tony Froggatt Non-Executive Director (Independent)

Chairman of the Remuneration Committee and member of the Nominations Committee

Joined Brambles as a Non-Executive Director in June 2006. He is Chairman of Foodbank Australia. Previously, Tony was a Non-Executive Director of Coca-Cola Amatil, AXA Asia Pacific Holdings and Billabong International and was Chief Executive Officer of Scottish & Newcastle plc from May 2003 to October 2007. He began his career with the Gillette Company and has held a wide range of sales, marketing and general management positions in many countries with major consumer goods companies including HJ Heinz, Diageo and Seagram. He holds a Bachelor of Law degree from Queen Mary College, London and a Master of Business Administration degree from Columbia Business School, New York. Age: 69.

David Gosnell Non-Executive Director (Independent)

Member of the Audit Committee and the Nominations Committee

Re-joined Brambles as a Non-Executive Director in December 2011. David was a Non-Executive Director of Brambles from June 2006 until March 2010, when he retired due to his other commitments at that time. He is a Non-Executive Director of Coats Group and Chairman of The Old Bushmills Distillery. David retired from his role as President of Global Supply & Procurement for Diageo plc on 31 December 2014. In that role, he led a global team of 9,000 people across manufacturing, logistics and technical operations as well as managing Diageo's multi-billion pound procurement budget. Prior to joining Diageo in 1998, David spent 20 years at HJ Heinz, where he served on the UK board and held various European operational positions. He holds a Bachelor of Science degree in Electrical & Electronic Engineering from Middlesex University and is a Fellow of the Institute of Engineering and Technology, England. Age: 60.

Tahira Hassan Non-Executive Director (Independent)

Member of the Remuneration Committee

Joined Brambles as a Non-Executive Director in December 2011. Tahira is a Non-Executive Director of Canada Pension Plan Investment Board and was previously a Non-Executive Director of Recall Holdings. She had a distinguished career with Nestlé. From 2003 to 2006, she was Senior Vice President & Head of Global Supply Chain. Based in Switzerland, this was a new role created to lead the reshaping of Nestlé's global approach to supply chain management. Her other roles included Senior Vice President & Global Business Head for Nescafé Ready To Drink from 2006 to 2009, and Vice President, Deputy Operations, Zone Americas from 2001 to 2003. Previously, Tahira held various leadership positions in Nestlé Canada including President, Ice Cream and Executive Vice President, Consumer Demand Chain & Information Services. Tahira is a Fellow of the Chartered Institute of Management Accountants, UK and a Certified Member of the Society of Management Accountants of Canada. Age: 64.

Carolyn Kay Non-Executive Director (Independent)

Member of the Audit Committee

Joined Brambles as a Non-Executive Director in June 2006. She is Non-Executive Director of Scentre Group, John Swire & Sons Pty Ltd, Chief Executive Women and The General Sir John Monash Foundation, an External Board Member of Allens Linklaters, a member of the Future Fund Board of Guardians and a Board Member of the Australia-China Council. She was also formerly a Non-Executive Director of a number of organisations including Commonwealth Bank of Australia and Infrastructure NSW. Carolyn has more than 30 years' experience in the finance sector and worked as an executive in finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and Linklaters & Paines in London. She holds Bachelor of Law and Arts degrees from the University of Melbourne and a Graduate Diploma in Management from the Australian Graduate School of Management. Carolyn is a Fellow of the Australian Institute of Company Directors, a member of Chief Executive Women and Women Corporate Directors and has a Centenary Medal for services to Australian society in business leadership. Age: 56.

Board & Executive Leadership Team - continued

Brian Long Non-Executive Director (Independent)

Chairman of the Audit Committee.

Joined Brambles as a Non-Executive Director in July 2014. He is a Non-Executive Director of Commonwealth Bank of Australia, at which he is Chairman of its Audit Committee. He was a senior Australian audit partner at EY, retiring in 2010 after 29 years with that firm, at which he was Chairman of both the Global Advisory Council and the Oceania Area Advisory Council (respectively, its worldwide and regional partner governing bodies). Brian is a Fellow of the Institute of Chartered Accountants in Australia and has been a member since 1972. Age: 71.

Nessa O'Sullivan Chief Financial Officer

Joined Brambles in October 2016 and was appointed to the role of Chief Financial Officer on 17 November 2016. She became an Executive Director of Brambles in April 2017. Prior to joining Brambles, Nessa worked for ten years at Coca-Cola Amatil in a number of senior financial and operating roles, including Group Chief Financial Officer from 2010 to May 2015. She was also Group Chief Financial Officer for Operations and Chief Financial Officer for Australia and New Zealand. Nessa began her career working as an Auditor at Price Waterhouse in Dublin, New York and Sydney. She spent two years at Tyco Grinnell Asia Pacific before joining PepsiCo/Yum! Restaurants in 1995. Over a 10-year period at Yum! Restaurants International, she held a number of senior finance, IT and strategy roles, including five years as Chief Financial Officer for the South Pacific Region. Nessa is a Fellow of the Institute of Chartered Accountants in Ireland. She holds a Bachelor of Commerce degree from University College Dublin and is a graduate of the Australian Institute of Company Directors. Age 52.

Scott Perkins Non-Executive Director (Independent)

Member of the Audit Committee

Joined Brambles as a Non-Executive Director in June 2015. Scott is a Non-Executive Director of Woolworths Limited and Origin Energy and was a Director of Meridian Energy from 1999 to 2002. He is a Director of the Museum of Contemporary Art and is active in the charity and public policy sector as the founder or director of a number of organisations. Scott has extensive experience in corporate strategy, capital markets and investment banking. He held senior executive leadership positions at Deutsche Bank from 1999 to 2013, including as Managing Director and Head of Corporate Finance for Australia & New Zealand and as a member of the Asia-Pacific management committee. Age: 52.

Board & Executive Leadership Team - continued

Executive Leadership Team

Graham Chipchase Chief Executive Officer

Chairman of the Executive Leadership Team

(See biography on page 17.)

Carmelo Alonso-Bernaola Senior Vice President, Global Supply Chain

Joined Brambles in 1992 and was appointed Senior Vice President Supply Chain for CHEP's global operations in February 2011. At Brambles, Carmelo has served in a range of supply chain roles, ranging from Quality Manager in Iberia, Logistics Director for South Europe, Vice President Logistics Europe, Senior Vice President Supply Chain Europe to his current global role in Supply Chain. Carmelo is a Spanish citizen, and holds an Agro-industrial Engineering degree from the Universidad Politécnica of Madrid. He also holds a Master of Business Administration degree from IE Business School, Madrid, and a Diploma of Manufacturing and Production Management. Age 51.

Phillip Austin President, CHEP Pallets Asia-Pacific

Joined Brambles in 1989 and became President CHEP Asia Pacific in October 2014, having previously held the positions of President CHEP Australia and New Zealand and President CHEP Australia. Phillip has held a variety of senior roles across Brambles, including Chief Financial Officer of the Brambles Transport Group, Chief Financial Officer of CHEP Australia, Operations Manager for Wreckair Hire, and executive roles in the CHEP Australia business responsible for Sales, Asset Management and Business Development. Phillip is a board member of Enactus Australia and an Ambassador for the National Association for Women in Operations (NAWO). He holds a Bachelor of Economics and a Masters of Logistics Management, both from the University of Sydney. Age 51.

Robert Gerrard Group Vice President, Legal and Secretariat

Joined Brambles in 2003 as Senior Counsel, Brambles Group and was appointed Group Company Secretary in February 2008. Prior to joining Brambles, he was General Counsel and Company Secretary of Roc Oil Company Limited; Group Legal Manager, Cairn Energy plc; General Counsel and Company Secretary of Command Petroleum Limited; and a solicitor and senior associate with Allen Allen & Hemsley. He holds a Master of Law from the University of Sydney and Bachelor of Science and Bachelor of Law degrees from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales. Age 55.

Rodney Hefford Chief Information Officer

Joined Brambles in June 2017 as Chief Information Officer. Before joining Brambles, Rod was Vice President, Information Technologies and Services at Ball Corporation, where he integrated the IT elements of Ball's acquisition of Rexam and led the development of an IT strategy for the combined entity. Prior to that, he was Group CIO for Rexam and held several CIO roles at Unilever. He holds a Bachelors' degree in Materials Engineering from Monash University, Australia, and a Master of Business Administration from Warwick Business School in the UK. Age 53.

Board & Executive Leadership Team - continued

Wolfgang Orgeldinger Group President, RPCs

Became Group President, RPCs in August 2013, having first joined Brambles in March 2011 following the acquisition of IFCO Systems. Wolfgang served as Chief Operating Officer of IFCO from January 2002 to August 2011 and Chief Information Officer, with responsibility for e-logistics and IT, from December 2000 to January 2002. Before joining IFCO, Wolfgang was a member of the Executive Board at Computer 2000, a European IT distributor, and held various executive roles. Prior to that, he worked for nine years in management positions at Digital Equipment. He holds a Master of Business Administration degree from the University of Bayreuth, Germany. Age: 60.

Nessa O'Sullivan Chief Financial Officer

(See biography on page 19.)

Michael Pooley President, CHEP Pallets Europe, Middle East & Africa

Joined Brambles in 2002. Michael became President CHEP EMEA in February 2017, having previously held the following positions within Brambles: President CHEP Europe; Senior Vice President Sales and Customer Operations, CHEP USA; Managing Director, CHEP UK & Ireland; and Vice President European Key Accounts. Before joining CHEP in 2002, Michael held management roles within the BOC Group and, between 2013 and 2015, he worked for Exova Group Plc as Managing Director Europe and was a member of its executive leadership team that took the company through an IPO to float on the London Stock Exchange in 2014. Michael is a Chartered Mechanical Engineer and has a Master of Business Administration degree from Henley Management College. Age 49.

Nick Smith Group Senior Vice President, Human Resources

Joined Brambles in November 2007. Previously, he was Group Human Resources Director for Inchcape, the international automotive retail group. Prior to this, Nick spent a number of years in the telecommunications industry, firstly with British Telecom and then with Cable & Wireless. During this period, Nick spent three years working for Cable & Wireless Optus in Australia, where he was Human Resources Director. He has also worked for KPMG and Macquarie Bank. Nick is a qualified management accountant, has a Bachelor of Science (Economics) degree in International Politics and a Master of Business Administration degree. Age: 56.

Prasad Srinivasamurthy President, BXB Digital

Joined Brambles in March 2016 as the President of Brambles' new Silicon Valley-based business, BXB Digital. Before joining Brambles, Prasad was Senior Vice President of Internet of Things and Customer Innovation at SAP, where he led a global organisation in building and commercialising new digital innovations. Prior to that, Prasad held a variety of executive roles through which he created and scaled new revenue streams for innovative software products in Customer Relationship Management and Supply Chain Management. He holds a Masters degree in Computer Science from University of Southern California and a Master of Business Administration degree from the University of California, Berkeley. Age 46.

Directors’ Report – 2017 Remuneration Report

Executive Summary

Business Performance

Remuneration for key management personnel in FY17 reflected Brambles' results and continued execution of Brambles' business strategy, as detailed in the Operating & Financial Review on pages 4 to 16.

Annual Short-Term Incentive

Annual Short-Term Incentive (STI) cash awards for continuing key management personnel ranged from 21% to 58% of base salary. These STI outcomes were driven by Brambles’ financial performance and by executives’ achievement of specific personal strategic objectives. For the vast majority of executives, this was a substantial drop from their respective FY16 STI cash awards, reflecting the FY17 financial performance of the Company. Having regard to the Company’s performance and its remuneration policy, the Board exercised its discretion and determined not to pay any FY17 STI cash award to the former Chief Executive Officer and the former Group President, CHEP Pallets and to reduce the FY17 cash award for the former Chief Financial Officer.

Long-Term Incentive

Brambles’ TSR performance over the three years to FY17 was below the median company in the ASX100, which resulted in 0% vesting for that component of the Long-Term Incentive (LTI) awards granted in FY15. Over the same period, Brambles' sales revenue CAGR was over 6.0% and Brambles Value Added (BVA) was just below the $1,000.0 million midpoint, resulting in 40% of this component of that LTI award to vest. This resulted in 20% of the total LTI awards granted in FY15 to vest.

Disclosable Executive Salaries

As a result of an organisational restructure announced during February 2017, there were changes to key management personnel during FY17. The base salaries of the new key management personnel were determined in accordance with the Company's Remuneration Policy described in Section 2. Details of key management personnel remuneration, including those who departed Brambles during the Year, are set out in Section 6.

Non-Executive Directors' fees

The 2016 annual review of fees resulted in a 3% increase for Non-Executive Directors' and the Chairman's base fees, which took effect on 1 July 2016. The 2017 annual review of Non-Executive Directors fees was carried out in June 2017. Taking into account all relevant circumstances relating to the Company's performance, the Board decided that there would be no increase to fees for the Chairman and other Non-Executive Directors for FY18. Non-Executive Director fees are detailed in Section 7.1. The next fee review will take place during June 2018 and take effect from 1 July 2018.

Remuneration Strategy

During the Year, the Remuneration Committee carried out its annual review the Brambles’ remuneration strategy, structure and policy, including share-based incentive plans. This review is undertaken to enable the Committee to be satisfied that the current strategy continues strongly to align executives' interests with those of the Company and its shareholders. As a result of this review, the Board approved a number of key changes to the Company's remuneration strategy. The changes are detailed in Section 3.1 of this report. The key changes include:

- For STI awards:
  - Replacing BVA with Underlying Profit as the key STI financial metric; and
  - Increasing the amount of annual STI cash awards based on financial results from 70% to 80%.

  These changes will be implemented with effect from FY18.
- For LTI awards:
  - Dividing the TSR component into two equal tranches: one tranche continuing with an ASX 100 TSR comparator and, for the other tranche an international comparator TSR metric (MSCI World Industrials) to reflect the global nature of the Company’s businesses; and
  - For the Sales CAGR matrix, replacing the BVA gateway with a ROCI gateway.

  These changes require amendments to the 2006 Performance Share Plan for which shareholder approval will be sought at the 2017 Annual General Meeting. Subject to that approval being obtained, these changes will be implemented with effect from FY18.
- Changes to the Company’s minimum shareholding requirements including an increase in the CEO’s shareholding requirement from 100% to 150% of base salary, as well as a requirement for Executive Directors to maintain at least 50% of the minimum shareholding for 12 months after ceasing employment with the Company.

Contents

1. Background

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

1. Non-Executive Directors;
2. Executive Directors; and
3. Group executives who have authority and responsibility for planning, directing and controlling the Group's activities. Due to the organisational restructure carried out during the Year, and the consequent changes to the roles and responsibilities of the executives comprising the Executive Leadership Team (ELT), the Board has determined that the executives who come within this definition are those set out in Section 6.2.

In this report, executives coming within paragraphs 2 and 3 above are called Disclosable Executives.

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

1.2 Basis of Valuation of Equity-Based Awards

Unless otherwise specified, the fair values of the STI and LTI share awards included in the tables in this report have been estimated by EY Transaction Advisory Services in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. Assumptions used in the evaluations are outlined in Note 21 on pages 88 and 89 of the financial statements.

This fair value is not used to calculate the number of STI and LTI share awards granted to executives. The number of share awards granted is based on the market value of Brambles shares, which is not less than the 5-day volume-weighted average share price prior to the grant date. This is termed a "face value approach".

1.3 Clawback of Awards

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

Subject to obtaining shareholder approval at the 2017 Annual General Meeting, the Board proposes to broaden its discretion to cancel STI and LTI share awards which have been granted but which have not vested in the following circumstances:

- to protect the financial soundness of the Company or a related body corporate;
- to respond to an exceptional event which has a material impact on the value of the Company or a related body corporate;
- to respond to any material inaccuracy in the assessment of the performance of a participant where the inaccurate assessment contributed to the grant of the award;
- to respond to any misrepresentation, material misstatement, or material inaccuracy in the measurement of the financial position or performance of the Company (or any related body corporate), where the misrepresentation, misstatement or inaccuracy contributed to the grant of the award;
- in light of any subsequent or adverse development regarding the personal performance of a participant, the performance of his or her business unit or the performance of the Company;
- if a participant in the 2006 Share Plan:
    - has engaged or participated in conduct which adversely affects, or is likely to adversely affect, the financial position or reputation of the Group or a Group Company;
    - is under investigation for misconduct, where such misconduct may result in financial and/or reputational impact to the Company or a related body corporate; or
    - has hedged the value, or entered into a derivative arrangement in respect of any unvested award or has granted a security interest over an award or the share to which it relates.

2. Remuneration Policy and Framework

The Board has adopted a remuneration policy for the Group. This policy requires remuneration to be consistent with Brambles' strategic business objectives, attract and retain high-calibre executives, align executive rewards with the creation of shareholder value, and motivate executives to achieve challenging performance targets.

Section 3.2 sets out how Brambles' remuneration policy is directly linked to the Company's financial performance, the creation of shareholder wealth and the delivery of strategy.

The Group's remuneration policy is to set pay opportunity around the median level of remuneration (the comparator group of companies is set out in the next paragraph) but with upper-quartile total potential rewards for outstanding performance and proven capability.

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

3. Remuneration Structure

Remuneration is divided into those components not directly linked to performance (Fixed Remuneration) and those components which are variable and directly linked to Brambles' financial performance and the delivery of personal strategic objectives (At Risk Remuneration).

Fixed Remuneration generally consists of base salary, benefits and superannuation contributions.

A significant element of Disclosable Executives' total reward is required to be At Risk. An individual will achieve maximum remuneration only when they meet challenging objectives in terms of Brambles' overall financial performance, returns for shareholders and strategic objectives. The proportion of Disclosable Executives' total remuneration comprising At Risk Remuneration is illustrated on Chart 3.3.1.

Brambles' At Risk Remuneration is provided by way of three types of annual incentive awards: an STI cash award, an STI share award and an LTI share award. The market value at the date of grant of all STI and LTI share awards made to any person in respect to any financial year would not normally exceed two and a half times their base salary.

STI share awards vest two years following the grant date, subject to continuing employment. The STI share award value is derived from the executives' STI cash award up to a maximum of 100% of the STI cash award. If awards vest, they are exercisable for six years from the date of grant.

No Brambles shares were purchased on market during the Year to satisfy the entitlements of holders of STI share awards or LTI share awards.

Disclosable Executives have the opportunity to receive an annual performance based equity grant in the form of LTI share awards. Vesting occurs three years from the date the award is granted and is subject to satisfaction of performance conditions over a three-year performance period (Performance Period). If awards vest, they are exercisable for up to six years from the date of grant.

All awards are governed by the 2006 Share Plan rules, which have been approved by shareholders. Any Board discretion, such as vesting in the event of a change of control, is clearly prescribed under the 2006 Share Plan rules.

Under the "good leaver" provisions of those rules, there is no accelerated vesting. In the case of resignations or terminations for cause, all unvested STI and LTI share awards are forfeited.

The remuneration structure and the key features of Fixed and At Risk Remuneration are summarised in Table 3.1.1 and diagrammatically represented in the diagram that follows Table 3.1.1. The application of the At Risk element of remuneration is further described in Section 4.

3.1 Changes to Brambles' Remuneration Structure and Policy

Each year, the Remuneration Committee reviews the executive remuneration strategy, including all elements of the remuneration structure and policy, to satisfy itself that it continues to align with the Company's business strategy, supports the delivery of the Company's financial performance and the creation of shareholder value.

As a result of this review, the Board has approved a number of proposed changes to the Company's remuneration strategy. The changes to the STI awards will be implemented with effect from FY18. The changes to the LTI awards will also be implemented with effect from FY18, subject to obtaining shareholder approval to the necessary amendments to the 2006 Share Plan at the Company's 2017 Annual General Meeting.

The principal change is to replace BVA – an economic value added measure that has been in place since 2002 – as a performance condition in the STI and LTI awards with an Underlying Profit condition and a Return on Capital Invested (ROCI) condition respectively.

BVA has been beneficial in the past as it focused executives on the economic value that is added through the Company's investment and performance by measuring the relationship between profit and the cost of capital (see Section 3.2).

However, BVA is a complex measure and has limited relevance to executives at lower levels of the Brambles organisation. The Committee endorsed a proposal to use measures that have a clearer "line of sight" for all executives, namely the use of Underlying Profit for STI awards, and ROCI for LTI awards. In addition, the use of these two metrics will more closely align executives with the financial goals of the Company.

STI Awards

In addition to the replacement of the BVA performance condition with the Underlying Profit measure, the amount of annual STI awards that is determined by the achievement of financial objectives will be increased from 70% to 80%, thus placing a greater emphasis on the achievement of financial results. The balance of STI cash awards will be based on the achievement of personal strategic objectives.

All executives will also have a measure based on the Brambles Group Free Cash Flow to emphasise the importance of cash generation to the Company.

LTI Awards

Annual LTI awards consist of two components: half based on a relative TSR measure and half on a sales revenue CAGR with a BVA hurdle (see Section 4.2 for further details).

The proposed changes to the LTI awards are as follows.

From FY18, the relative TSR component will comprise half of the LTI award but will be split across two tranches:

- half will continue to be on TSR against the ASX100; and
- the other half will be TSR against the MSCI World Industrials, using 50 companies either side of Brambles' (rolling 12-month average) market capitalisation.

The introduction of an international comparator index, the MSCI World Industrials, reflects the global nature of Brambles' business. The Company operates in over 60 countries and more than 90% of its revenue is from locations outside of Australia.

Performance against both the ASX100 and the MSCI World Industrials will be based on the standard ranking approach, with vesting commencing at the 50th percentile progressively vesting to full vesting at the 75th percentile as per the table below.

	TSR Percentile	% Vesting of Shares
Below Threshold	Below 50th	No vesting
Threshold	50th	50%
Between Threshold and Maximum	Between 50th and 75th	Pro rata straight-line vesting
Maximum	75th and above	100%

From FY18 onwards, it is proposed that the Sales CAGR/BVA matrix component of LTI awards be replaced with a Sales CAGR/ROCI matrix of similar design to the existing matrix.

LTI targets for LTI awards granted for the FY16-18 and FY17-19 Performance Periods will not be changed and will continue to reflect the original targets as disclosed in the 2016 Annual Report and this Annual Report respectively.

The LTI changes are summarised in the table below.

LTI Plan	LTI plans to FY17	LTI plans from FY18 onwards
External metric	50% based on relative TSR against ASX100	25% based on relative TSR against ASX100 25% based on relative TSR against MSCI World Industrials Index
Internal metric	50% based on Sales CAGR/BVA matrix	50% based on Sales CAGR/ROCI matrix

Minimum Shareholding Requirements

The Board has also approved changes to Brambles' minimum shareholding requirements for Disclosable Executives (and all other ELT members) to require Disclosable Executives to hold a meaningful stake in the Company and to assist in aligning their interests with those of its shareholders. The requirements are:

- The CEO's minimum shareholding has been increased to 150% of base salary, with other ELT members' minimum shareholding required to be 100% of their respective base salaries, to be built up over 5 years;
- Whilst building their minimum shareholding requirement, ELT members will not be permitted to sell Brambles shares other than to pay tax obligations they incur by reason of STI or LTI awards vesting, until they have achieved 100% of their shareholding requirements;
- Where an Executive Director steps down from their Executive Director position but continues to be employed by the Company, they will, under the Company's Securities Trading Policy, need the Chairman's approval to deal in Brambles shares; and
- Executive Directors who cease to be employees of the Company shall be required to retain at least 50% of their minimum shareholding for the 12 months following their cessation of employment.

Table 3.1.1 – Remuneration Structure 2017 – fixed and variable pay

Remuneration Element	Performance Measures	Rationale	Performance level required for payment
Fixed Remuneration			
Base salary, superannuation and benefits	N/A	Fixed remuneration reflects the executive's role, duties, responsibilities and level of performance taking into account the individual's location and Brambles' size, geographic scale and complexity. Base salaries are generally set at median level.	N/A
At Risk Remuneration			
STI cash award Financial Measures (comprising 70% of the STI cash award)	- BVA - Cash Flow from Operations - Profit After Tax (PAT)	Financial measures are chosen to link Executives' rewards with the financial performance of the Group, the pursuit of profitable growth and the efficient use of capital and generation of cash. A focus on BVA helps ensure efficient use of capital within Brambles. Profit after tax (PAT) captures interest and tax charges not directly incorporated in BVA. Cash Flow from Operations is used as a measure to ensure a strong focus on the generation of cash.	The key levels of performance possible against each of the financial measures relevant to the STI awards for the Year were: - Threshold (the minimum necessary to qualify for the awards); - Target (when performance targets have been met); and - Maximum (when targets have been significantly exceeded and the related rewards have reached their upper limit).
STI cash award Personal Strategic Measures (comprising 30% of the STI cash award)	- Safety - Business strategy and growth objectives - Customer satisfaction and retention - Employee engagement	Personal strategic objectives are set to link executives' performance to Brambles' overall strategic objectives.	Personal strategic objectives and their associated performance measures are set at the beginning of the financial year and assessed by the Remuneration Committee at year-end.
STI share award (deferred equity)	As per STI cash award	Provides continuing alignment of executives' interests with shareholders' for an additional two years beyond the financial year to which the award relates. Provides a major retention mechanism for executives.	The size of the STI share award is derived from the STI cash award. This results in half of the total STI award being deferred into Brambles share rights which vest subject to continued employment on the second anniversary of the grant (i.e. two-year deferral).
LTI share award (Three-year Performance Period)	Relative TSR (comprising half of the LTI share award)	Creation of shareholder value TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specific period. A relative TSR performance condition helps ensure that value is only delivered to participants if the investment return actually received by Brambles' shareholders is sufficiently high relative to the return they could have received by investing in a portfolio of alternative stocks over the same period of time.	- 50% of LTI share awards will vest if the Company's relative TSR performance over the three-year Performance Period equals the TSR of the median ranked ASX100 company; - 100% will vest for out-performance of the TSR of the median-ranked ASX100 company by 25% over the three-year Performance Period; and - If Brambles' TSR performance is between these two levels, vesting will be on a pro rata straight line basis.

Directors' Report – 2017 Remuneration Report – continued

Remuneration Element	Performance Measures	Rationale	Performance level required for payment
LTI share award (Three-year Performance Period)	Long-Term sales revenue and BVA growth (comprising half of the LTI share award)	Profitable growth Half of the LTI share award incentivises both long-term sales revenue and BVA growth. Vesting is based on achievement of sales revenue targets with three-year performance targets set on a CAGR basis. The sales revenue growth targets are underpinned by BVA hurdles. This is designed to drive profitable business growth, to ensure quality of earnings is maintained at a strong level and to deliver increased shareholder value. Both sales revenue CAGR and BVA are measured in constant currency.	Each year, a sales revenue CAGR/BVA matrix is set by the Remuneration Committee for each LTI share award based on budget targets approved by the Board. The matrix is published in the subsequent Remuneration Report. This allows the Board to set targets for each LTI share award to reward strong performance in the light of the prevailing and forecast economic and trading conditions. The sales revenue CAGR/BVA matrix provides performance focus over a 3-year period.

Diagrammatic representation of Brambles' Remuneration Structure 2017

AT RISK REMUNERATION	LTI SHARE AWARD Size of grant calculated as percentage of salary and based on: - TSR performance against the ASX100 median-ranked company. (Vesting starts at median with full vesting for outperformance of median by 25%); and - Sales revenue compound annual growth rate with BVA hurdle. Awards subject to performance testing at end of three years (see Section 4.2 for details).
	STI SHARE AWARD Size derived from size of STI cash award. Awards vest subject to continued employment at second anniversary of grant (see Section 4.1 for details).
	STI CASH AWARD Size determined by performance against financial objectives (including BVA, PAT and cash flow) and personal strategic objectives (see Section 4.1 for details).
FIXED REMUNERATION	Fixed remuneration consists of base salary, superannuation and benefits.

3.2 Remuneration and the Link to Business Strategy

Brambles' business strategy is set out in the Operational & Financial Review on pages 4 to 7. The remuneration policy supports the delivery of this strategy by:

- **Focusing business performance on profitable growth, the efficient use of capital and the generation of cash:** Profitable growth is emphasised by both the use of BVA as a financial objective (called Financial KPIs in this report) in STI cash awards and the use of compound annual growth rate (CAGR) sales revenue targets with BVA hurdles as the performance conditions that must be satisfied for half of all LTI share awards to vest. The generation of cash and the effective use of capital are reinforced through the setting of BVA and cash flow targets for STI cash awards. Going forward, the replacement of BVA with ROCI in the sales CAGR component of the LTI awards will maintain executive alignment with the sustainable growth strategy and enable them to focus on delivering growth in excess of the cost of capital. In addition, replacing BVA with Underlying Profit in the STI plan will align executives with strategy of delivering underlying profit growth in excess of sales revenue growth;
- **Recruiting and retaining high-calibre executives:** Remuneration packages for executives are designed to be competitive to assist Brambles in attracting talented managers and to reward strong performance. The award of a significant proportion of executives' STI awards as shares, which do not vest for two years from the date they are granted, helps retain key executives and aligns their interests with shareholders;
- **Setting goals linked to implementation of the growth strategy:** Each year, a part of an executive's STI cash award is subject to the achievement of specific personal strategic objectives (called Personal KPIs in this report). These include objectives focused on the delivery of Brambles' strategy such as safety performance, development of new markets, customer satisfaction, product and service innovation, employee engagement, productivity improvements and development of future potential senior executives; and
- **Achieving sustainable returns for shareholders:** Each of the above three elements supports the delivery of sustainable returns to shareholders. In addition, there is a direct alignment of executive rewards to the creation of shareholder value through the use of relative total shareholder return (TSR) performance conditions, to which the vesting of half of all LTI share awards granted are subject.

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

Definitions of BVA, TSR, CAGR and ROCI measurements and the methods by which they are calculated are included in the Glossary on pages 120 and 122.

3.3 Remuneration Mix for Disclosable Executives

Brambles' executive remuneration mix is strongly linked to performance. At Risk Remuneration represents 70% to 76% of Disclosable Executives' maximum remuneration package.

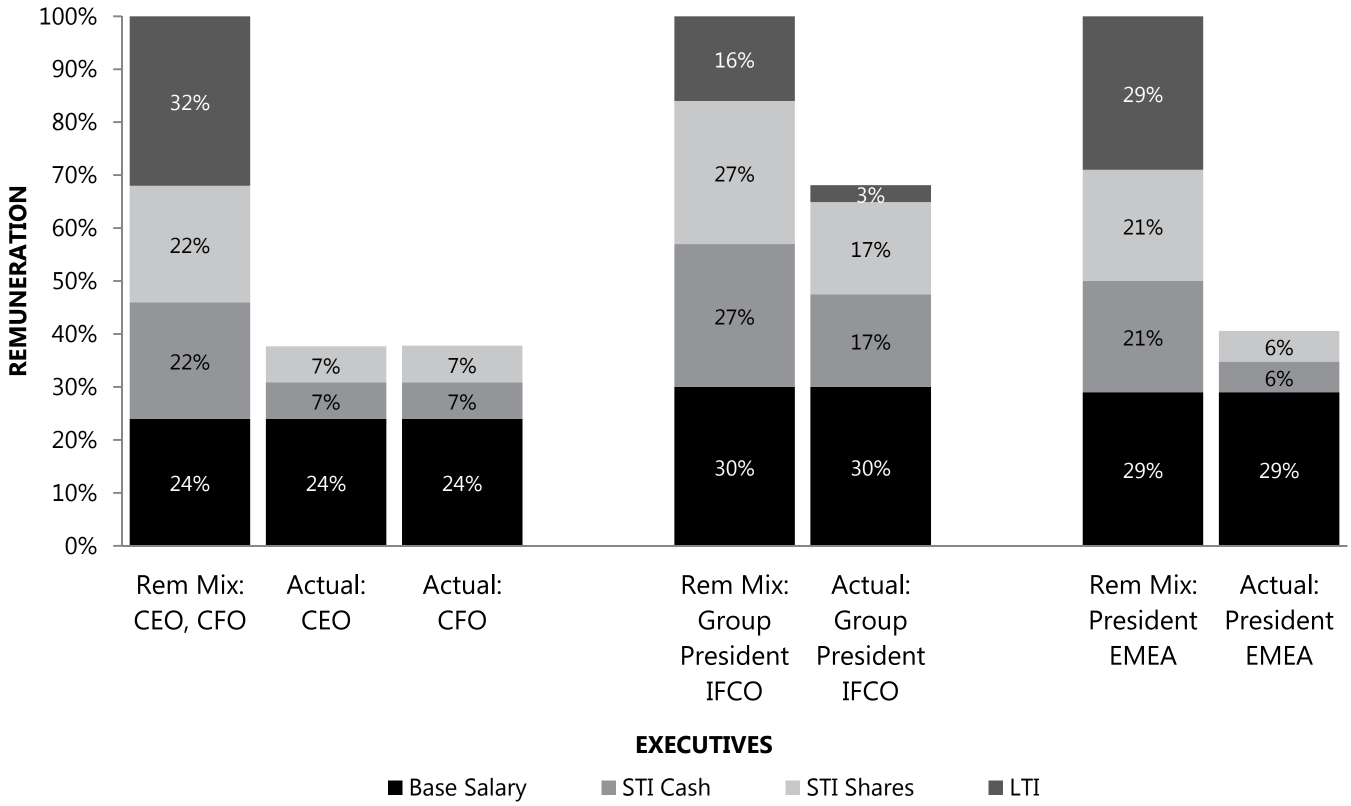
Chart 3.3.1 below illustrates the level of actual remuneration received by Disclosable Executives compared with their respective total remuneration package mix. The remuneration mix ("Rem Mix" in Chart 3.3.1) is the Disclosable Executive's base salary plus his or her STI cash and STI share awards, assuming the maximum level of performance (see Section 4.1) and full vesting of all LTI share awards.

The respective columns of Chart 3.3.1 labelled Actual comprise:

- Base salary: contains base salary for FY17;
- STI cash: the STI cash award received in respect to FY17 performance (see Section 4.1);
- STI shares: the STI share award earned in respect to FY17 performance, the vesting of which is deferred until FY19 (see Section 4.1); and
- LTI shares: the proportion of the FY15-FY17 LTI share awards that will vest at the end of the year (see Section 4.2.3).

The Rem Mix column represents the maximum value of each element of the respective executive's remuneration package mix that could be received in each case by the individual Disclosable Executive.

Chart 3.3.1- Remuneration Mix



4. Performance of Brambles & At Risk Remuneration

As outlined in the Operating & Financial Report on pages 4 to 16, FY17 business results were as shown below.

Financial measure	FY17 result (US$m)	Change from FY16 (constant currency)
Sales revenue	5,104.3	6%
Operating profit	771.4	(17%)
Profit after tax	444.9	(23%)
Brambles Value Added	235.1	

Brambles' TSR for the three-years to 30 June 2017 was 16.814%.

At Risk Remuneration for Disclosable Executives is entirely dependent upon performance against Financial and Personal KPIs set by the Remuneration Committee.

The following table summarises the components and weighting of Financial KPIs for STI cash awards for Disclosable Executives:

Disclosable Executive	Financial KPIs					Personal strategic objectives KPIs
	Group BVA	Segment BVA / Sales	Group PAT	Group cash flow	Segment cash flow	
CEO, CFO	30%	-	20%	20%	-	30%
Group Presidents: Pallets, IFCO; President Pallets EMEA	25%	25%	-	-	20%	30%

4.1 STI Key Performance

Disclosable Executives have the opportunity to receive annual STI cash and share awards based on performance against Financial KPIs. The actual levels of performance achieved for the Year against the financial KPIs are summarised in the following table:

KPIs[1]	Level of performance achieved during the Year[2]
Brambles BVA	Below Threshold
Brambles PAT	Below Threshold
Brambles Cash Flow from Operations	Achieved Target
Pallets BVA	Below Threshold
Pallets Cash Flow from Operations	Below Target
Pallets Europe BVA	Between Threshold and Target
Pallets Europe Cash Flow from Operations	Below Target
IFCO BVA	Achieved Maximum
IFCO Cash Flow from Operations	Achieved Target

Details of the STI cash awards payable to Disclosable Executives and the STI cash awards forfeited, as a percentage of the maximum potential STI cash award in respect to performance during the Year, are shown for each Disclosable Executive in the Table 4.1.1. Half of the STI award is provided as cash, the other half is deferred into equity for two years to provide a continuing link to Company performance. The market value of Brambles shares used to determine the number of STI awards granted is the five-day volume weighted average share price prior to the grant date.

Based on the assessment in Table 4.1.1, the former CEO (T Gorman) would have been eligible for an STI cash award of US$475,930, the former CFO (Z Todorcevski) would have been eligible for an STI cash award of US$169,444 and the former Group President, Pallets (P Mackie) would have been eligible for an STI cash award of US$38,104. The Board has discretion to determine whether STI cash awards should be made in any given year. In the exercise of this discretion, having regard to the Company's overall FY17 financial and share price performance, and the Company's remuneration policy, the Board has determined that no STI cash awards should be made to the former CEO and Group President, Pallets and that the former CFO's STI cash award should be reduced to US$108,156 to reflect his performance outcomes against his personal strategic objectives only (this amount also reflects a pro-rating for his period of service in FY17).

[1] Definitions of BVA, PAT and Cash Flow from Operations measurements and the methods by which they are calculated are included in the Glossary on pages 120 and 122.

[2] Financial targets set for FY17 under Brambles' incentive plans will not constitute profit forecasts and the Board is conscious that their publication may therefore be misleading. Accordingly Brambles does not publish in advance the coming year's financial targets for incentive purposes.

4.1.1 Actual STI Cash Payable and Forfeited for FY17

Name	% of Target Financial KPIs achieved	% of Personal KPIs achieved	Maximum STI cash as % of base salary	% of maximum STI cash payable	% of maximum STI cash forfeited
Disclosable Executives					
G Chipchase	29%	90%	90%	31%	69%
N O'Sullivan	29%	90%	90%	31%	69%
W Orgeldinger	100%	90%	90%	65%	35%
M Pooley	21%	88%	75%	28%	72%
Former Disclosable Executives					
T Gorman	29%	86%	90%	0%	100%
Z Todorcevski	29%	100%	90%	20%	80%
P Mackie	0%	45%	90%	0%	100%

4.2 LTI Share Awards

Disclosable Executives have the opportunity to receive an annual equity grant in the form of LTI share awards. The maximum value of LTI awards to the CEO, CFO and Group President of Pallets may not exceed 130% of those executives' respective base salaries. The maximum value of LTI awards for the Group President of IFCO is 50% of base salary due to prior contract arrangements. The maximum value of LTI awards for the other Disclosable Executives is 100% of their respective base salaries.

In all cases, the market value (face value) of Brambles shares is used to determine the number of LTI share awards granted.

4.2.1 LTI Share Award Performance Conditions

LTI share awards have two sets of performance conditions (TSR and sales revenue with a BVA hurdle), each with equal weighting. The tables in 4.2.3 on the next page show the level of performance and vesting for each of the two components, which each comprise half of the LTI award.

4.2.2 Sales Revenue CAGR/BVA LTI Performance Matrix for FY16 to FY18

The table below is the sales revenue CAGR/BVA matrix for LTI share awards made during the Year. The LTI performance matrix shown encompasses the entire Brambles Group. As a policy principle, the Remuneration Committee takes into account major acquisitions or divestments during a Performance Period in determining the final outcome of the CAGR/BVA matrix for that period. Where there are acquisitions or divestments that are not material to the overall outcome, these are excluded from any performance assessment.

Vesting %	Cumulative three-year BVA at fixed 30 June 2016 FX rates (US$m)		
Sales revenue CAGR[3]	**950**	**1,150**	**1,350**
4%	-	20%	40%
5%	20%	40%	60%
6%	40%	60%	80%
7%	60%	80%	100%
8%	80%	100%	100%
9%	100%	100%	100%

The sales revenue CAGR currently provides for half-point vesting between the percentages shown if the sales revenue outcome is more than halfway between the vesting levels. For example, a sales revenue CAGR of 5.7% and a BVA outcome of US$1,000.0 million would provide vesting of 30%. For LTI share awards granted from FY16, there will also be a half point vesting scale between the respective BVA hurdles. For example, a sales revenue CAGR of 7% and a BVA outcome of US$1,100.0 million would provide vesting of 70%.

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

4.2.3 Performance of LTI Share Awards Under the 2006 Share Plan

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

Level of Vesting of LTI Share Awards based on TSR Performance:

Awards made during	Performance condition	Start of Performance Period	Out-performance of median company's TSR[4]	Vesting triggered (% of original award): period to 30 June 2017
FY13	Relative TSR	1 July 2012	29.75 percentage points	84.17% LTI TSR award
FY14	Relative TSR	1 July 2013	35.89 percentage points	100% LTI TSR award
FY15	Relative TSR	1 July 2014	16.81 percentage points	0.0% LTI TSR award

The following table provides similar details for Awards that have yet to be tested:

Awards made during	Performance condition	Start of Performance Period	Out-performance of median company's TSR (%)	Period to 30 June 2017: vesting if current performance is maintained until earliest testing date (% of original award)
FY16	Relative TSR	1 July 2015	(3.56) percentage points	0.0% LTI TSR awards
FY17	Relative TSR	1 July 2016	(16.72) percentage points	0.0% LTI TSR awards

Level of Vesting of LTI Share Awards based on Sales Revenue CAGR and BVA Performance:

Awards made during	Performance condition	Start of Performance Period	Vesting triggered (% of original award): prior period and period to 30 June 2017
FY13	Sales revenue CAGR/BVA	1 July 2012	30.0% of LTI sales revenue CAGR/BVA awards
FY14	Sales revenue CAGR/BVA	1 July 2013	50.0% of LTI sales revenue CAGR/BVA awards
FY15	Sales revenue CAGR/BVA	1 July 2014	40.0% of LTI sales revenue CAGR/BVA awards

The following table provides similar details for awards that have yet to be tested:

Awards made during	Performance condition	Start of Performance Period	Period to 30 June 2017 vesting if current performance is maintained until earliest testing date (% of original award)
FY16	Sales revenue CAGR/BVA	1 July 2015	40.0% LTI sales revenue CAGR/BVA awards
FY17	Sales revenue CAGR/BVA	1 July 2016	0.0% LTI sales revenue CAGR/BVA awards

Total Level of Vesting of LTI Share Awards:

The combined vesting of the two LTI components is shown below.

Awards made during	Start of performance period	End of Performance Period	Total vesting (TSR and sales revenue CAGR/BVA combined)
FY13	1 July 2012	30 June 2015	57.1%
FY14	1 July 2013	30 June 2016	75.0%
FY15	1 July 2014	30 June 2017	20.0%

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

4.3 Summary of STI and LTI Awards under the 2006 Share Plan

The table below contains details of the STI and LTI awards granted under the 2006 Share Plan in which former or current Disclosable Executives have unvested and/or unexercised awards that could affect remuneration in this or future reporting periods. The awards in bold relate to targets which were relevant to vesting during the Year. STI and LTI awards do not have an exercise price and carry no dividend or voting rights. In all cases, the awards are share rights, with the size of the award being determined by the percentage of salary and have a maximum life of six years. For STI awards the vesting period is two years, and in the case of LTI awards the performance/vesting period is three years.

Details pertaining to the MyShare plan are detailed in Section 5.

2006 Share Plan Awards	Vesting condition
STI Awards	**100% vesting based on continuous employment**
TSR LTI Awards	**50% vesting if TSR is equal to the median-ranked company. 100% vesting if 25% above the median-ranked company.**
FY14-FY16 BVA LTI Award	**20% vesting occurs if CAGR is 5% and BVA is US$800m over the three-year period. 100% vesting occurs if CAGR is 7% and BVA is US$1,200m over the three-year period.**
FY15-FY17 BVA LTI Award	20% vesting occurs if CAGR is 5% and BVA is US$800m over the three-year period. 100% vesting occurs if CAGR is 7% and BVA is US$1,200m over the three-year period.
FY16-FY18 BVA LTI Award	20% vesting occurs if CAGR is 5% and BVA is US$700m over the three-year period. 100% vesting occurs if CAGR is 7% and BVA is US$1,000m over the three-year period.
FY17-FY19 BVA LTI Award	20% vesting occurs if CAGR is 5% and BVA is US$950m over the three-year period. 100% vesting occurs if CAGR is 7% and BVA is US$1,350m over the three-year period.

The terms and conditions of each grant of share rights affecting remuneration in this or future reporting periods are outlined in the table below. Share rights granted under the plans do not have an exercise price and carry no dividend or voting rights. The STI awards vest on the second anniversary of their grant date, subject to continued employment. The LTI TSR awards vest on the third anniversary of their grant date, subject to continued employment and meeting a TSR performance condition. The LTI BVA vest on the third anniversary of their grant date, subject to continued employment and meeting a sales revenue CAGR and BVA performance condition.

2006 Share Plan Awards	Grant date	Expiry date	Value at grant	Status/vesting date
LTI TSR/ LTI 14-16 BVA	25 September 2013	25 September 2019	A$8.45 (STI)/ A$8.16 (BVA)/ A$4.19 (TSR)	50% (BVA) 100% (TSR) vested on 25 September 2016
STI/ LTI TSR/ LTI 15-17 BVA	25 September 2014	25 September 2020	A$9.15 (STI)/ A$8.83 (BVA)/ A$5.00 (TSR)	STI – 100% vested on 25 September 2016 LTI – 25 September 2017
STI/ LTI TSR/ LTI 16-18 BVA	25 September 2015	25 September 2021	A$9.17 (STI)/ A$8.91 (BVA)/ A$4.07 (TSR)	STI – 25 September 2017 LTI – 25 September 2018
STI/ LTI TSR/ LTI 17-19 BVA	2 September 2016	2 September 2022	A$11.50 (STI)/ A$11.20 (BVA)/ A$4.91 (TSR)	STI – 2 September 2018 LTI – 2 September 2019
LTI TSR/ LTI 17-19 BVA (Sign-on awards)	10 October 2016	2 September 2022	A$11.20 (BVA)/ A$4.91 (TSR)	LTI – 2 September 2019
LTI TSR/ LTI 17-19 BVA (Sign-on awards)	6 March 2017	2 September 2022	A$11.20 (BVA)/ A$4.91 (TSR)	LTI – 2 September 2019

5. Employee Share Plan

MyShare was launched in October 2008 and was developed as a vehicle to encourage share ownership and retention across the Group. Employees may buy up to A$5,000 of shares each year, which the Company matches on a one-for-one basis after a two-year qualifying period. There is automatic vesting of the Matching Shares on the second anniversary of the first acquisition provided the relevant employee remains employed by the Group at the end of that period.

Under the MyShare program, Brambles has over 4,265 participants who held 3,386,755 Brambles shares in total at 30 June 2017.

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

During the Year, 814,568 Brambles shares were purchased on-market under the MyShare Plan, being the Acquired Shares purchased by participants in that plan, at an average price of A$10.94 per share. The accounting share value at grant ranged from A$8.79 to A$12.72 based on the monthly share price value. For further details of the share grant values, refer to the Financial Report.

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

Plan	Grant date	Expiry date	Value at grant	Status/vesting date
MyShare 2015[5]	Each month from 31 March 2015 to 29 February 2016	1 April 2017	Values range per month from A$9.17 to A$11.74	100% vested on 31 March 2017
MyShare 2016[6]	Each month from 31 March 2016 to 31 March 2017	1 April 2018	Values range per month from A$8.79 to A$12.72	31 March 2018
MyShare 2017[7]	Each month from 31 March 2017 to 31 July 2017	1 April 2019	Values range per month from A$8.93 to A$9.97	31 March 2019

[5] The Matching Awards granted under MyShare vested on 31 March 2017, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they were automatically exercised.

[6] The Matching Awards granted under MyShare vest on 31 March 2018, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

[7] The plan "MyShare 2017" ends on 28 February 2018. For FY17 reporting purposes, data is only available up to 31 July 2017. The remaining information will be reported in next year's Annual Report. The Matching Awards granted under MyShare vest on 31 March 2019, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

6. Executive Directors and Disclosable Executives

6.1 Executive Director Changes

Graham Chipchase joined Brambles at the beginning of January 2017 as Chief Executive Officer Designate and became Chief Executive Officer on 20 February 2017.

Tom Gorman stepped down as CEO and retired from the Board on 20 February 2017. He remained an employee with Brambles until 30 June 2017.

Nessa O'Sullivan, joined Brambles on 10 October 2016 as Chief Financial Officer Designate, and became Chief Financial Officer on 17 November 2016 and was appointed as an Executive Director of Brambles on 24 April 2017.

6.2 Other Disclosable Executive Changes

In addition to Brambles' Executive Directors, the following executives comprise current Key Management Personnel:

- Mike Pooley, President, CHEP Pallets Europe, Middle East & Africa; and
- Wolfgang Orgeldinger, Group President, IFCO.

As a result of the organisational changes, Zlatko Todorcevski left the business on 28 February 2016 and Peter Mackie, Group President, CHEP Pallets, left Brambles on 31 March 2017. They were Disclosable Executives up to their respective date of departure from the Group.

6.3 Service Contracts

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

Other than Peter Mackie, executives remunerated on a base salary approach receive pension contributions not exceeding 15% of base salary.

Details of Disclosable Executive's salaries are shown in Table 6.3.1.

6.3.1 Contract Terms for Disclosable Executives

Name and role(s)	Base salary at 30 June 2016	Base salary at 30 June 2017
Disclosable Executives		
G Chipchase Chief Executive Officer (from 20 Feb 2017)	-	£1,100,000
N O'Sullivan Chief Financial Officer (from 17 Nov 2016)	-	A$1,061,000
W Orgeldinger Group President, IFCO	€660,000	€670,000
M Pooley President, CHEP Pallets Europe, Middle East & Africa (from 1 Mar 2017)	-	£306,000
Former Disclosable Executives		
T Gorman Former CEO	A$2,186,000	A$2,295,300
Z Todorcevski Former CFO	A$1,140,000	A$1,197,000
P Mackie Group President, Pallets	£460,000	£492,200

6.4 Total Remuneration & Benefits for the Year

The purpose of the table below is to enable shareholders to understand the actual remuneration received by Disclosable Executives. The table provides a summary of the actual remuneration, before equity, received or receivable by the Disclosable Executives for the Year, together with prior year comparatives.

Income derived from the vesting of shares during the Year has been included below as "Actual share income". The value shown is the market value at the time the income became available to the executive. These awards were granted in prior financial years and vested in September 2016. Theoretical accounting values for unvested share awards are shown in Section 8.4; those values are a statutory disclosure requirement. Unvested share awards may result in "Actual share income" in future years and, if so, the income will be reported in the table below in the Remuneration Report for the relevant year.

US$'000		Short-term employee benefits			Post-employment benefits	Other		Share-based payment			
Name	Year	Cash / salary / fees	Cash bonus	Non-monetary benefits[8]	Super-annuation	Termination / sign-on payments / retirement benefits	Other[9]	Total before equity	Options / Awards	As % of total	Total
Executive Directors											
G Chipchase	**FY17**	**817**	**196**	**115**	**-**	**-**	**9**	**1,137**	**-**	**0%**	**1,137**
	FY16	-	-	-	-	-	-	-	-	0%	-
N O'Sullivan	**FY17**	**644**	**163**	**9**	**26**	**-**	**38**	**880**	**-**	**0%**	**880**
	FY16	-	-	-	-	-	-	-	-	0%	-
Current Disclosable Executives											
W Orgeldinger[10]	**FY17**	**731**	**427**	**32**	**8**	**-**	**5**	**1,203**	**835**	**41%**	**2,038**
	FY16	730	571	37	8	-	5	1,351	5	0%	1,356
M Pooley[11]	**FY17**	**154**	**27**	**3**	**19**	**-**	**1**	**204**	**125**	**38%**	**329**
	FY16	-	-	-	-	-	-	-	-	0%	-
Former Disclosable Executives											
T Gorman[10]	**FY17**	**2,148**	**-**	**186**	**-**	**11**	**36**	**2,381**	**3,445**	**59%**	**5,826**
	FY16	2,031	1,085	182	-	-	61	3,359	2,650	44%	6,009
Z Todorcevski[10]	**FY17**	**672**	**108**	**16**	**23**	**14**	**5**	**838**	**1,750**	**68%**	**2,588**
	FY16	953	576	13	22	-	3	1,567	1,219	44%	2,786
P Mackie[10]	**FY17**	**657**	**-**	**1**	**-**	**632**	**2**	**1,292**	**1,248**	**49%**	**2,540**
	FY16	791	457	1	44	-	2	1,295	833	39%	2,128
Totals	**FY17**	**5,823**	**921**	**362**	**76**	**657**	**96**	**7,935**	**7,403**		**15,338**
	FY16	4,505	2,689	233	74	-	71	7,572	4,707		12,279

There were a number of changes to Disclosable Executives in FY17 including the appointment of Graham Chipchase as CEO and the departures of the former CEO, the former CFO, and the former Group President of Pallets. The Group President of Pallets received a separation payment as his role was made redundant.

As illustrated in the table above, cash bonus payments for 2017 were well below cash bonuses for 2016.

The share-based payment shown relates to STI and LTI share awards that vested in September 2016. The LTI vesting was based on the three-year performance to 30 June 2016, which included TSR performance at maximum vesting level.

[8] This includes car parking, personal/spouse travel, club membership and fringe benefit tax and for Mr Chipchase, also includes accommodation costs whilst he was based in Sydney from January to May 2017.

[9] This includes leave entitlement taken within FY17 and health/salary continuance insurance.

[10] The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$0.7270, €1=US$1.1058 and £1=US$1.4719 for FY16 and A$1=US$0.7540, €1=US$1.0950 and £1=US$1.2732 for FY17.

[11] Mr Pooley's based salary related to the period during the Year in which he was a Disclosable Executive, being from 1 March to 30 June 2017.

6.5 Equity-Based Awards

The following table[12] shows details of equity-based awards made to Disclosable Executives during the Year. STI and LTI share awards were made under the 2006 Share Plan, the terms and conditions of which are set out in Section 4.3. Matching Awards were made under MyShare, the terms and conditions of which are set out in Section 5.

Former CEO and former Group President, Pallets, were "good leavers" under the 2006 Share Plan rule. Their 2017 LTI award will be pro-rated for the portion of the Performance Period for which they were employees.

Name	Type of award	Number	Value at grant US$'000
Executive Directors			
G Chipchase	STI	-	-
	LTI	168,432	1,190
	MyShare Matching	175	1
	Totals	**168,607**	**1,191**
N O'Sullivan	STI	-	-
	LTI	102,852	952
	MyShare Matching	162	1
	Totals	**103,014**	**953**
Current Disclosable Executives			
W Orgeldinger	STI	62,210	579
	LTI	39,742	370
	MyShare Matching	423	3
	Total	**102,375**	**952**
M Pooley	STI	14,927	139
	LTI	18,914	176
	MyShare Matching	362	3
	Total	**34,203**	**318**
Former Disclosable Executives			
T Gorman	STI	121,189	1,127
	LTI	230,746	2,146
	MyShare Matching	289	3
	Total	**352,224**	**3,276**
Z Todorcevski	STI	-	-
	LTI	-	-
	MyShare Matching	289	3
	Total	**289**	**3**
P Mackie	STI	44,327	412
	LTI	85,366	794
	MyShare Matching	296	2
	Total	**129,989**	**1,208**

[12] The total value of the relevant equity award(s) is valued as at the date of grant using the methodology set out in Section 4. The minimum possible future value of all awards yet to vest is zero and is based on the performance/service conditions not being met. The maximum possible future value of awards yet to vest is equal to the value at grant.

6.6 Shareholdings

The following table shows details of Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests during the Year, being issued shares held by them and their related parties.[13,14]

The Company's revised minimum shareholding policy is described in Section 3.1.

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
Executive Directors			
G Chipchase	0	7,375	7,375
N O'Sullivan	0	163	163
Current Disclosable Executives			
W Orgeldinger	3,539	(2,222)	1,317
M Pooley	121	369	490
Former Disclosable Executives			
T Gorman	656,599	(654,769)	1,830
Z Todorcevski	294,951	(276,883)	18,068
P Mackie	164,344	(162,832)	1,512

6.7 Interests in Share Rights[15]

The following table shows details of rights over Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests during the Year, being share awards made on 25 September 2013, 25 September 2014, 2 November 2015, 2 September 2016, 10 October 2016 and 6 March 2017 under the 2006 Share Plan; and Matching Awards, being conditional rights awarded during the Year under MyShare.[16,17,18]

	Balance at the start of the Year	Granted during the Year	Exercised during the Year	Lapsed during the Year	Balance at the end of the Year	Vested and exercisable at the end of the Year	Value at exercise
Name	Number	Number	Number	Number	Number	Number	US$'000
Executive Directors							
G Chipchase	-	168,607	-	-	168,607	-	-
N O'Sullivan	-	103,014	-	-	103,014	-	-
Current Disclosable Executives							
W Orgeldinger	301,359	102,375	(37,923)	(13,956)	351,855	91,225	375
M Pooley	21,048	34,203	(14,021)	-	41,230	-	110
Former Disclosable Executives							
T Gorman	1,164,554	352,224	(377,899)	(333,405)	805,474	-	3,461
Z Todorcevski	599,129	289	(192,072)	(125,575)	281,771	-	1,758
P Mackie	462,401	129,989	(137,058)	(157,645)	297,687	-	1,263

13 On 31 July 2017, the following Disclosable Executives acquired ordinary shares under MyShare, which are held by AET Structured Finance Services Pty Limited: Graham Chipchase (46), Wolfgang Orgeldinger (42) and Mike Pooley (35). On 31 July 2017, the following Disclosable Executives received Matching Awards under MyShare: Graham Chipchase (46), Wolfgang Orgeldinger (42), and Mike Pooley (35).

14 N O'Sullivan, W Orgeldinger, M Pooley, T Gorman and P Mackie: all of their shares are held by AET Structured Finance Services Pty Limited.
G Chipchase: of which 7,200 shares were held by Rathbones Nominees Ltd and 175 shares were held by AET Structured Finance Services Pty Limited.
Z Todorcevski: of which 500 shares were held by Zlatko Todorcevski and Robert Todorcevski, 17,568 shares were held by Tentwentyfive Pty Ltd.

15 Of the awards detailed in Section 4.3, the following plans' items are relevant to Disclosable Executives: Wolfgang Orgeldinger, Tom Gorman, Zlatko Todorcevski, Peter Mackie (STI, LTI TSR, LTI BVA 14-16, LTI BVA 15-17, LTI BVA 16-18, MyShare 2015); Mike Pooley, Wolfgang Orgeldinger, Tom Gorman, Peter Mackie (STI, LTI TSR, LTI BVA 17-19); Graham Chipchase, Nessa O'Sullivan (LTI TSR, LTI BVA 17-19) sign-on awards; Nessa O'Sullivan, Wolfgang Orgeldinger, Tom Gorman, Zlatko Todorcevski, Peter Mackie (MyShare 2016); and Graham Chipchase, Nessa O'Sullivan, Wolfgang Orgeldinger, Peter Mackie (MyShare 2017).
Lapses occurred for: Wolfgang Orgeldinger, Tom Gorman, Zlatko Todorcevski, Peter Mackie (LTI BVA 14-16); Zlatko Todorcevski, Peter Mackie (LTI TSR / LTI BVA 15-17); Tom Gorman, Zlatko Todorcevski, Peter Mackie (LTI TSR / LTI BVA 16-18); and Tom Gorman, Peter Mackie (LTI TSR / LTI BVA 17-19).
Exercises occurred for: Tom Gorman, Zlatko Todorcevski and Peter Mackie (STI, LTI TSR / BVA 14-16); Wolfgang Orgeldinger, Tom Gorman, Zlatko Todorcevski and Peter Mackie (MyShare 2015); Tom Gorman, Zlatko Todorcevski, Peter Mackie (MyShare 2016); and Peter Mackie (MyShare 2017).

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

17 During the Year, 2,953,372 equity-settled performance share rights were granted under the 2006 Share Plan, of which 351,935 were granted to Tom Gorman. 814,568 Matching Awards were granted under MyShare during the Year, of which 289 were granted to Tom Gorman and 289 were granted to Zlatko Todorcevski. Approval for these issues of securities to Tom Gorman was obtained under ASX Listing Rule 10.14 at the AGM held on 6 November 2014. 168,432 performance share rights and 175 Matching Awards were granted to Graham Chipchase. Approval for these issues of securities was obtained under ASX Listing Rule 10.14 at the AGM held on 16 November 2016. 102,852 performance share rights and 162 Matching Awards were granted to Nessa O'Sullivan. These were granted before Nessa became an Executive Director.

18 "Lapse" in this context means that the Awards were forfeited due to either the applicable service or performance conditions not being met.

7. Non-Executive Directors' Disclosures

7.1 Non-Executive Directors' Remuneration Policy

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

All Non-Executive Directors' fees are set in Australian dollars and paid in local currencies.

Brambles' base fees for Non-Executive Directors are set with reference to the comparator group of companies referred to in Section 2, which is consistent with Brambles' policy on executive pay.

The 2016 annual fee review resulted in a 3% increase of Non-Executive Directors' and the Chairman's base fees. This increase took effect on 1 July 2016. The 2017 annual fee review was carried out during June 2017. Taking into account all relevant circumstances relating to the Company's performance, it was determined that there would be no increase to fees for the Board Chairman and other Non-Executive Directors for FY18.

The fees for the Chairman and Non-Executive Directors remain as follows:

- Chairman: A$627,000; and
- Non-Executive Directors: A$209,000.

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

- Supplement for Audit Committee Chairman: A$50,000.
- Supplement for Remuneration Committee Chairman: A$40,000;
- Supplement for Audit and Remuneration Committee membership: A$10,000; and
- Travel allowance per long-haul flight: A$5,000.

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

The next fee review will take place in June 2018 and take effect from 1 July 2018.

7.2 Non-Executive Directors' Appointment Letters

Non-Executive Directors are appointed for an unspecified term but are subject to election by shareholders at the first AGM after their initial appointment by the Board. The Corporate Governance Statement, available on Brambles' website, contains details of the process for appointing and re-electing Non-Executive Directors and of the years in which the Non-Executive Directors are next due for re-election by shareholders.

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

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

7.3 Non-Executive Directors' Shareholdings

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

The following table contains details of Brambles Limited ordinary shares in which Non-Executive Directors held relevant interests, being issued shares held by them and their related parties[19]:

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
Current Non-Executive Directors			
C Cross	-	15,000	15,000
G El Zoghbi	-	35,000	35,000
A G Froggatt	14,890	-	14,890
D P Gosnell	22,910	-	22,910
T Hassan	15,000	-	15,000
S P Johns	48,778	9,378	58,156
S C H Kay	14,877	4,000	18,877
B Long	8,000	16,000	24,000
S Perkins	-	20,000	20,000

[19] C Cross: held by Christine Cross.
G El Zoghbi: held by The George El Zoghbi Trust Agreement on behalf of George El Zoghbi.
A G Froggatt: of which 7,000 shares were held by Christine Joanne Froggatt and 7,890 shares were held by Anthony Grant Froggatt.
D P Gosnell: held by Charles Stanley & Co Australia in the name of Susan Gosnell.
T Hassan: held by RBC Dexia Custodian on behalf of Tahira Hassan.
S P Johns: 37,038 ordinary shares held by Canzak Pty Ltd; 21,118 ordinary shares held by Caran Pty Limited.
S C H Kay: 8477 ordinary shares held by Sarah Carolyn Kay & Simon Swaney <CAROLYN KAY SUPER FUND A/C>; 4,900 ordinary shares held by Sarah Carolyn Hailes Kay; 5,500 ordinary shares held by Carolyn Kay <SUPERANNUATION FUND A/C>.
B Long: 20,000 ordinary shares held by BJ Long Investments Pty Limited ATF BJ Long Super Fund A/C and 4,000 ordinary shares held by BJ Long Investments Pty Ltd.
S Perkins: 20,000 ordinary shares held by Perkins Family Super Pty Ltd ATF Perkins Family S/F A/C.

7.4 Non-Executive Directors' Remuneration for the Year

Fees and other benefits provided to Non-Executive Directors during the Year and the prior year are set out below in US dollars. The full names of the Non-Executive Directors and the dates of any changes in Non-Executive Directors are shown in the Directors' Report – Other Information on page 43. None of the Non-Executive Directors received rights/awards over Brambles Limited shares during the Year, so there are no relevant share-based payment amounts for disclosure. Any contributions to personal superannuation or pension funds on behalf of the Non-Executive Directors are deducted from their overall fee entitlements.

Table 7.4.1: Non-Executive Directors' Remuneration for the Year [20,21]

US$'000		Short-term employee benefits	Post-employment benefits		
Name	Year	Directors' fees	Superannuation	Other[21]	Total
CURRENT NON-EXECUTIVE DIRECTORS					
C Cross	**FY17**	**168**	**8**	**-**	**176**
	FY16	158	8	-	166
G El Zoghbi	**FY17**	**176**	**8**	**38**	**222**
	FY16	73	3	10	86
A G Froggatt	**FY17**	**186**	**17**	**29**	**232**
	FY16	168	16	13	197
D Gosnell	**FY17**	**168**	**8**	**8**	**184**
	FY16	158	8	3	169
T Hassan	**FY17**	**176**	**8**	**8**	**192**
	FY16	158	8	6	172
S P Johns	**FY17**	**446**	**42**	**47**	**535**
	FY16	425	25	11	461
S C H Kay	**FY17**	**165**	**15**	**13**	**193**
	FY16	148	14	-	162
B J Long	**FY17**	**192**	**18**	**29**	**239**
	FY16	175	16	11	202
S Perkins	**FY17**	**165**	**15**	**-**	**180**
	FY16	148	14	-	162
Totals	**FY17**	**1,842**	**139**	**172**	**2,153**
	FY16	1,611	112	54	1,777

[20] The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$0.7270, €1=US$1.1058 and £1=US$1.4719 for FY16 and A$1=US$0.7540, €1=US$1.0950 and £1=US$1.2732 for FY17.

[21] "Other" includes personal/spouse travel, meals and fringe benefits tax.

8. Remuneration Governance

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

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

During the Year, members of the Committee were Tony Froggatt (Committee Chairman), Stephen Johns, Tahira Hassan, Christine Cross and George El Zoghbi. Other individuals are invited to attend Committee meetings as required by the Committee. This includes members of Brambles' management team including the CEO, Group Senior Vice President of Human Resources, Group Vice President, Legal & Secretariat and Group Vice President of Remuneration & Benefits, as well as Brambles' external remuneration advisor, EY.

During the Year, the Committee held seven meetings.

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

When setting and reviewing remuneration levels for Disclosable Executives, the Committee considers the experience, responsibilities and performance of the individual while also taking into account data relevant to the individual's role and location as well as Brambles' size, geographic scale and complexity.

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

Section 4.2.3 summarises all the incentive plans under which awards to Disclosable Executives are still to vest or be exercised.

8.3 Remuneration Advisor
The Committee has appointed EY as Brambles' remuneration advisor to assist the Company with Non-Executive Director and executive remuneration matters. In performing its role, the Committee directly requests and receives information and advice from EY.

During the Year, no remuneration recommendations, as defined by the Act (Recommendations), were provided by EY. EY also provided taxation, internal audit, share rights valuation and project-related services, as well as general employee advice services to Brambles during the Year. These services did not include a Recommendation. Brambles has made arrangements to ensure that the making of any Recommendations, should they be made, would be free from undue influence by the Disclosable Executives to whom a Recommendation may relate.

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

- An agreed set of pre-approved services EY may provide Brambles' management, which excludes Recommendations;
- Any requests to EY from Brambles' management that might constitute a Recommendation are to be referred by EY to the Committee for its consideration and direction;
- EY is not permitted to provide Recommendations to Brambles' management;
- If EY provides a Recommendation, it would include with it a declaration that it has not been unduly influenced by the Disclosable Executive subject to the Recommendation;
- Representatives of EY attend all Committee meetings;
- Except for the CEO, Disclosable Executives do not attend Committee meetings;
- The CEO and Group Senior Vice President, Human Resources do not attend those parts of any Committee meeting when their remuneration is being reviewed or discussed; and
- The Committee meets with EY without management being present, during which time any issues or questions relating to Disclosable Executives' remuneration which are not appropriate to discuss with management present, may be discussed.

8.4 Share Based Payments – Future Potential

The table below provides annual accounting values for shares granted during years 2015-2017, are been amortised over three years. These share awards are subject to conditions set out in Section 4.3. Remuneration will not be received as a result of the underlying share awards vesting until the conditions have been met.

US$'000			Share-based payments		
Name	Year	Total before equity	Awards	Share of FY17 total remuneration	Total
Executive Directors					
G Chipchase	**FY17**	**1,137**	**55**	**5%**	**1192**
	FY16	-	-	-	-
N O'Sullivan	**FY17**	**880**	**90**	**9%**	**970**
	FY16	-	-	-	-
Current Disclosable Executives					
W Orgeldinger	**FY17**	**1,203**	**788**	**40%**	**1,991**
	FY16	1,351	648	32%	1,999
M Pooley	**FY17**	**204**	**176**	**46%**	**380**
	FY16	-	-	-	-
Former Disclosable Executives					
T Gorman	**FY17**	**2,381**	**3,845**	**62%**	**6,226**
	FY16	3,359	2,522	43%	5,881
Z Todorcevski	**FY17**	**838**	**806**	**49%**	**1,644**
	FY16	1,567	1,281	45%	2,848
P Mackie	**FY17**	**1,292**	**1,510**	**54%**	**2,802**
	FY16	1,295	967	43%	2,262
Totals	**FY17**	**7,935**	**7,270**		**15,205**
	FY16	7,572	5,418		12,990

Directors' Report – Other Information

The information presented in this report relates to the consolidated entity, the Brambles Group, consisting of Brambles Limited and the entities it controlled at the end of, or during the year ended 30 June 2017 (the Year).

Principal Activities

The principal activities of the Group during the Year were the provision of supply chain logistics solutions, focusing on the provision of reusable pallets, crates and containers, of which Brambles is a leading global provider.

Further details of the Group's activities are set out in the Operating & Financial Review on page 4.

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

Review of Operations and Results

A review of the Group's operations and of the results of those operations are given in the Letters from the Chairman and the CEO and the Operating & Financial Review from pages 2 to 16.

Information about the financial position of the Group is included in the Operating & Financial Review and in the Five-Year Financial Performance Summary on page 119.

Significant Changes in State of Affairs

On 5 August 2016, Brambles announced the formation of an oil and gas container joint venture in which Brambles would combine its Ferguson Group and CHEP Catalyst & Chemical Containers businesses with Hoover Container Solutions to create Hoover Ferguson Group. Hoover Ferguson Group is 50% owned by Brambles and 50% owned by Hoover shareholders. The formation of Hoover Ferguson Group was completed on 21 October 2016.

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

Matters since the End of the Financial Year

On 11 August 2017, Brambles announced its intention to divest its North American recycled whitewood business, CHEP Recycled.

Other than the above, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2017 up to the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Business Strategies and Prospects for Future Financial Years

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this report, are set out in in the Letters from the Chairman and the CEO, and Operating & Financial Review on pages 2 to 16.

Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Dividends

The Directors have declared a final dividend for the Year of 14.5 Australian cents per share, which will be 30% franked. The dividend will be paid on 12 October 2017 to shareholders on the register on 14 September 2017.

On 13 April 2017, an interim dividend for the Year was paid, which was 14.5 Australian cents per share and 25% franked. On 13 October 2016, a final dividend for the year ended 30 June 2016 was paid, which was 14.5 Australian cents per share and 25% franked.

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

Directors

The name of each person who was a Director of Brambles Limited at any time during or since the end of the Year, and the period for which they served as a Director during the Year, is set out below.

The qualifications, experience and special responsibilities for Directors are set out on pages 17 to 19.[1]

Graham Andrew Chipchase	20 February 2017 to date
Christine Cross	1 July 2016 to date[2]
George El Zoghbi	1 July 2016 to date
Anthony Grant Froggatt	1 July 2016 to date
Thomas Joseph Gorman	1 July 2016 to 20 February 2017
David Peter Gosnell	1 July 2016 to date
Tahira Hassan	1 July 2016 to date
Stephen Paul Johns	1 July 2016 to date
Sarah Carolyn Hailes Kay	1 July 2016 to date
Brian James Long	1 July 2016 to date
Nessa O'Sullivan	24 April 2017 to date
Scott Redvers Perkins	1 July 2016 to date

Secretary

Details of the qualifications and the experience of Robert Nies Gerrard, the Company Secretary of Brambles Limited, are set out on page 20.

1 Tom Gorman was Brambles' Chief Executive Officer from November 2009 to February 2017. Previously, he was Group President of CHEP EMEA and, prior to that, served in many executive roles with the Ford Motor Company. He holds a Bachelor of Arts from Tufts University and a Master of Business Administration from Harvard Business School.

2 Christine Cross will retire as a Director on 31 August 2017.

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:

- in respect of a liability other than for legal costs:
  - a liability owed to Brambles Limited or a related body corporate;
  - a liability for a pecuniary penalty order under section 1317G of the Act or a compensation order under section 1317H of the Act; or
  - 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
- in respect of a liability for legal costs:
  - in defending or resisting criminal proceedings in which the person is found to have a liability for which they could not have been indemnified in respect of a liability owed to Brambles Limited or a related body corporate;
  - in defending or resisting criminal proceedings in which the person is found guilty. This 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 a Court order;
  - 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
  - in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

As allowed by its constitution, Brambles Limited has provided indemnities to its 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 Brambles Limited excludes the following matters:

- 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;
- any Loss to the extent indemnity in respect of that Loss is prohibited under the Act (or any other law);
- any Loss to the extent it arises from private or personal acts or omissions of the Beneficiary;
- any Loss comprising the reimbursement of normal day-to-day expenses such as travelling expenses;
- any Loss to the extent the Beneficiary failed to act reasonably to mitigate the Loss;
- 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 Brambles Limited in accordance with the terms of the indemnity; and
- 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 and executive officers, however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

Environment

Brambles' Environmental Policy is set by the Board. It applies in all countries where Brambles operates. The Environmental Policy provides that Brambles will act with integrity and respect for the community and the environment and be committed to sound environmental practice in its daily operations. It is a minimum requirement that all Brambles operations comply with all relevant environmental laws and regulations.

Brambles has set environmental performance targets as part of its sustainability strategy. Reporting of performance against those targets will be contained in Brambles' 2017 Sustainability Review which will be available on the Brambles website in September 2017. A copy of the complete Environmental Policy is set out in Brambles' Code of Conduct, which is available at www.brambles.com.

Occupational Health and Safety

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

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

The Chief Executive Officer, together with the Group's business unit presidents, are responsible for policy implementation and safety performance.

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and provide incentives for improvement. The Operating & Financial Review on page 8 sets out the performance of the Group against its principal performance indicator, Brambles Injury Frequency Rate. More detailed reporting on health and safety performance will be shown in the 2017 Sustainability Review, which will be available on Brambles' website in September 2017.

Employees

The 2017 Sustainability Review, available on Brambles' website in September 2017, will contain details of Brambles' performance as an employer.

Directors' Meetings

Details of the Board committee memberships are given in the Directors' biographies on pages 17 to 19. The following table shows the actual Board and committee meetings held during the Year and the number attended by each Director or committee member.

	Board meetings									
	Regular[3]		Special Committees		Audit Committee meetings		Remuneration Committee meetings		Nominations Committee meetings	
Directors	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
G A Chipchase	5	5	-	-	-	-	-	-	-	-
C Cross	14	14	-	-	-	-	7	7	-	-
G El Zoghbi	13	14	-	-	-	-	6	7	-	-
A G Froggatt	14	14	1	1	-	-	7	7	3	3
D P Gosnell	13	14	-	-	6	7	-	-	3	3
T Hassan	14	14	-	-	-	-	7	7	-	-
S P Johns	14	14	2	2	-	-	7	7	3	3
S C H Kay	14	14	1	1	7	7	-	-	-	-
B J Long	13	14	3	3	7	7	-	-	-	-
N O'Sullivan	3	3	-	-	-	-	-	-	-	-
S R Perkins	13	14	-	-	7	7	-	-	-	-
Former Director										
T J Gorman	7	7	3	3	-	-	-	-	-	-

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

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

[3] The Board meetings that Messrs El Zoghbi, Gosnell and Long did not attend were one-hour telephone conference meetings.

Directors' Directorships of Other Listed Companies

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2014.

Director	Listed company	Period directorship held
G A Chipchase	AstraZeneca plc	2012 to current
C Cross	Coca-Cola European Partners plc	2016 to current
	Hilton Food Group plc	2016 to current
	Kathmandu Holdings Limited	2012 to current[4]
	Sonae Group plc	2009 to current
	Woolworths Limited	2012 to November 2015
G El Zoghbi	None	-
A G Froggatt	Coca-Cola Amatil Limited	2010 to May 2017
D P Gosnell	Coats plc	2015 to July 2015
	Coats Group plc	2015 to current
T Hassan	Recall Holdings Limited	2013 to May 2016
S P Johns	Goodman Group:	
	Goodman Limited	January 2017 to current
	Goodman Funds Management Limited	January 2017 to current
S C H Kay	Commonwealth Bank of Australia	2003 to March 2015
	Scentre Group	2016 to current
B J Long	Commonwealth Bank of Australia	2010 to current
	Ten Network Holdings Limited	2010 to July 2016
N O'Sullivan	None	-
S R Perkins	Woolworths Limited	2014 to current
	Origin Energy Limited	2015 to current
Former Director		
T J Gorman	None	-

[4] Christine will retire as a director of Kathmandu Holdings Limited on 2 October 2017.

Environmental Regulation

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

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

Corporate Governance Statement

Brambles is committed to observing the corporate governance requirements applicable to publicly listed companies in Australia. The Board has adopted a corporate governance framework designed to enable Brambles to meet its legal, regulatory and governance requirements.

During the Year, the Board believes Brambles met or exceeded all the requirements of the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations, Third Edition. Brambles' 2017 Corporate Governance Statement is on Brambles' website at www.brambles.com/corporate-governance-overview.

Interests in Securities

Pages 38 and 39 of the Directors' Report – Remuneration Report include details of the relevant interests of Directors, and other Group Executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

Share Capital, Options and Share Rights

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights outstanding over Brambles Limited ordinary shares at the Year-end are given in Notes 20 and 21 of the Financial Report on pages 87 to 89.

No options, share rights or MyShare matching share rights over the shares of Brambles Limited's controlled entities were granted during or since the end of the Year to the date of this report.

Since the end of the Year to the date of this report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place:

- 86,677 grants under the 2017 MyShare offer;
- 49,742 exercises resulting in the issue of fully paid ordinary shares: 7,756 under the 2016 MyShare offer; 3,864 under the 2017 MyShare offer; 38,122 under the 2006 PSP STI award; and
- 491,594 lapses: 8,516 under the 2016 MyShare offer; 6,533 under the 2017 MyShare offer; 21,865 under the 2006 PSP STI award; 227,340 under the 2006 PSP TSR LTI award; 6,509 under the 2006 PSP FY15-FY17 BVA LTI award; 88,427 under the 2006 PSP FY16-FY18 BVA LTI award; 132,404 under the 2006 PSP FY17-FY19 BVA LTI award.

Share Buy-Backs

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

Risk Management

A discussion of Brambles' risk profile, management and mitigation of risks can be found on page 10 in the Operating & Financial Review and in Principle 7 of Brambles' 2017 Corporate Governance Statement which is available on the Brambles website.

Treasury Policies

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found on page 11 in the Operating & Financial Review.

Non-Audit Services and Auditor Independence

The amount of US$0.073 million was paid or is payable to PricewaterhouseCoopers, the Group's auditors, for non-audit services provided during the Year by them (or another person or firm on their behalf). These services primarily related to compliance projects and agreed upon procedures in relation to financial metrics and disclosures.

The Audit Committee has reviewed the provision of non-audit services by PricewaterhouseCoopers and its related practices and provided the Directors with formal written advice of a resolution passed by the Audit Committee. Consistent with this advice, the Directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers and its related practices did not compromise the auditor independence requirements of the Act for the following reasons: the nature of the non-audit services provided during the Year; the quantum of non-audit fees compared to overall audit fees; and the pre-approval, monitoring and ongoing review requirements under the Audit Committee Charter and the Charter of Audit Independence in relation to non-audit work.

The auditors have also provided the Audit Committee with a letter confirming that, in their professional judgement, as at 4 August 2017 they have maintained their independence in accordance with their firm's requirements, with the provisions of APES 110 – Code of Ethics for Professional Accountants and the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.

Directors' Report – Other Information – continued

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Act is set out on page 118.

Annual General Meeting

The AGM will be held at 2.00pm (AEDT) on 18 October 2017 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney, NSW 2000.

This Directors' Report is made in accordance with a resolution of the Board.

Stephen Johns	**Graham Chipchase**
Chairman	**Chief Executive Officer**
21 August 2017	

Shareholder Information

Stock Exchange Listing

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

Uncertificated Forms of Shareholding

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

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

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

American Depository Receipts

Brambles Limited shares may be traded in sponsored American Depository Receipts form in the United States.

Share Sale Facility

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

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

Dividend

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

Annual General Meeting

The Brambles Limited 2017 AGM will be held at 2.00pm (AEDT) on 18 October 2017 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales 2000.

Financial Calendar

Final Dividend 2017

Ex-dividend date – Wednesday, 13 September 2017

Record date – Thursday, 14 September 2017

Payment date – Thursday, 12 October 2017

2018 (Provisional)

Announcement of interim results – mid-February 2018

Interim dividend – mid-April 2018

Announcement of final results – mid-August 2018

Final dividend – mid-October 2018

AGM – October 2018

Company Secretary

R N Gerrard

Analysis of Holders of Equity Securities as at 31 July 2017

Substantial Shareholders

Brambles has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital[1]
Baillie Gifford & Co	79,937,676	5.04
Blackrock Group	79,901,641	5.02
Commonwealth Bank of Australia	118,493,531	7.46
MFS Investment Management on behalf of Sun Life Financial Inc.	125,699,812	8.02
Schroder Investment Management Australia Limited	82,724,920	5.21

Number of Ordinary Shares on Issue and Distribution of Holdings

	Holders	Shares
1 – 1,000	33,720	16,353,093
1,001 – 5,000	32,980	76,538,873
5,001 – 10,000	5,587	39,473,831
10,001 – 100,000	3,101	63,973,521
100,001 and over	131	1,393,104,135
Total	**75,519**	**1,589,443,453**

[1] Percentages are as disclosed in substantial holding notices given to Brambles Limited.

The number of members holding less than a marketable parcel of 54 ordinary shares (based on a market price of A$9.24 on 31 July 2017) is 1,687 and they hold a total of 32,053 ordinary shares. The voting rights of ordinary shares are described below.

Number of Share Rights on Issue and Distribution of Holdings

	Holders	Share rights
1 – 1,000	3,126	945,685
1,001 – 5,000	17	56,482
5,001 – 10,000	24	187,416
10,001 – 100,000	94	2,907,557
100,001 and over	15	3,385,561
Total	**3,276**	**7,482,701**

The voting rights of performance share rights and MyShare Matching Awards are described below.

Twenty Largest Ordinary Shareholders

Name	Number of ordinary shares	% of issued ordinary share capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	767,039,047	48.26
J P MORGAN NOMINEES AUSTRALIA LIMITED	259,158,422	16.30
NATIONAL NOMINEES LIMITED	104,066,984	6.55
CITICORP NOMINEES PTY LIMITED	81,206,730	5.11
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	41,371,714	2.60
BNP PARIBAS NOMS PTY LTD <DRP>	26,090,979	1.64
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	12,138,658	0.76
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	10,451,972	0.66
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	10,025,553	0.63
ARGO INVESTMENTS LIMITED	5,501,609	0.35
AMP LIFE LIMITED	5,248,432	0.33
BNP PARIBAS NOMS (NZ) LTD <DRP>	3,539,765	0.22
AET SFS PTY LTD <BRAMBLES - MYSHARE>	3,326,618	0.21
SBN NOMINEES PTY LIMITED <10004 ACCOUNT>	2,869,500	0.18
IOOF INVESTMENT MANAGEMENT LIMITED <IPS SUPER A/C>	2,678,706	0.17
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	2,623,957	0.17
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	2,100,000	0.13
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	2,052,198	0.13
DJERRIWARRH INVESTMENTS LIMITED	1,998,365	0.13
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,719,255	0.11
Percentage of total holdings of 20 largest holders	1,345,208,464	84.63

Voting Rights: Ordinary Shares

Brambles Limited's constitution provides that each member entitled to attend and vote may do so in person or by proxy, by attorney or, where the member is a body corporate, by representative. The Directors may also determine that at any general meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in relation to that resolution. The Directors have prescribed rules to govern direct voting which are available at www.brambles.com

On a show of hands, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on a resolution has one vote. The Directors have determined that members who submit a direct vote will be excluded on a vote by a show of hands. a poll, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on the resolution has one vote for each ordinary share held. The Directors have determined that votes cast by members who submit a direct vote will be included on a vote by a poll, being one vote for each ordinary share held.

Voting Rights: Share Rights

Performance share rights over ordinary shares and MyShare Matching Awards do not carry any voting rights.

Consolidated Financial Report

for the year ended 30 June 2017

INDEX	**PAGE**

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 US$m	2016 US$m
Continuing operations			
Sales revenue	2	**5,104.3**	4,900.1
Other income		**95.7**	90.0
Operating expenses	3	**(4,416.1)**	(4,044.8)
Share of results of joint venture	9	**(12.5)**	-
Operating profit		**771.4**	945.3
Finance revenue		**30.1**	17.9
Finance costs		**(128.8)**	(130.8)
Net finance costs	5	**(98.7)**	(112.9)
Profit before tax		**672.7**	832.4
Tax expense	6A	**(227.8)**	(240.1)
Profit from continuing operations		**444.9**	592.3
Loss from discontinued operations	10B	**(262.0)**	(4.6)
Profit for the year attributable to members of the parent entity		**182.9**	587.7
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension plans		**(11.6)**	(3.6)
Income tax benefit on items that will not be reclassified to profit or loss	6A	**1.9**	0.8
		(9.7)	(2.8)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries	22	**35.3**	(90.2)
Other comprehensive profit/(loss) for the year		**25.6**	(93.0)
Total comprehensive income for the year attributable to members of the parent entity		**208.5**	494.7
Earnings per share (US cents)	7		
Total			
- basic		**11.5**	37.3
- diluted		**11.5**	37.1
Continuing operations			
- basic		**28.0**	37.5
- diluted		**27.9**	37.4

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

Results for divested entities up to the dates of divestment and held for sale businesses have been presented within discontinued operations. Prior year comparatives have been restated (refer Note 10).

Consolidated Balance Sheet

as at 30 June 2017

	Note	2017 US$m	2016 US$m
Assets			
Current assets			
Cash and cash equivalents	24	**159.7**	156.1
Trade and other receivables	11	**1,169.0**	1,150.0
Inventories	12	**56.8**	86.2
Other assets	13	**70.6**	77.6
Assets classified as held for sale	10	**136.0**	-
Total current assets		**1,592.1**	1,469.9
Non-current assets			
Other receivables	13	**189.5**	1.8
Investments	9	**20.8**	-
Property, plant and equipment	14	**4,861.1**	4,732.3
Goodwill and intangible assets	15	**1,028.1**	1,635.2
Deferred tax assets	6C	**42.6**	36.0
Other assets	13	**13.5**	21.1
Total non-current assets		**6,155.6**	6,426.4
Total assets		**7,747.7**	7,896.3
Liabilities			
Current liabilities			
Trade and other payables	16	**1,243.5**	1,268.4
Borrowings	18	**673.4**	201.7
Tax payable		**72.5**	74.4
Provisions	17	**79.0**	114.3
Liabilities classified as held for sale	10	**56.0**	-
Total current liabilities		**2,124.4**	1,658.8
Non-current liabilities			
Borrowings	18	**2,059.0**	2,576.2
Provisions	17	**25.1**	27.7
Retirement benefit obligations	19	**51.6**	47.5
Deferred tax liabilities	6C	**639.7**	627.0
Other liabilities	16	**1.2**	4.0
Total non-current liabilities		**2,776.6**	3,282.4
Total liabilities		**4,901.0**	4,941.2
Net assets		**2,846.7**	2,955.1
Equity			
Contributed equity	20	**6,201.1**	6,173.3
Reserves	22	**(7,152.8)**	(7,191.5)
Retained earnings	22	**3,798.4**	3,973.3
Total equity		**2,846.7**	2,955.1

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

Assets and liabilities relating to entities divested in 2017 are excluded from the consolidated balance sheet at 30 June 2017. The comparative balance sheet remains unchanged.

Consolidated Cash Flow Statement

for the year ended 30 June 2017

	Note	2017 US$m	2016 US$m
Cash flows from operating activities			
Receipts from customers		**6,224.5**	6,118.3
Payments to suppliers and employees		**(4,694.0)**	(4,659.6)
Cash generated from operations		**1,530.5**	1,458.7
Interest received		**12.5**	1.6
Interest paid		**(111.4)**	(113.0)
Income taxes paid on operating activities		**(220.4)**	(180.4)
Net cash inflow from operating activities	24B	**1,211.2**	1,166.9
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,077.7)**	(1,080.7)
Proceeds from sale of property, plant and equipment		**111.2**	103.6
Payments for intangible assets		**(20.5)**	(14.6)
Proceeds from disposal of businesses, net of cash disposed	10	**160.1**	100.0
Acquisition of subsidiaries, net of cash acquired		**-**	(27.5)
Loan outflows with associates		**-**	(3.4)
Net cash outflow from investing activities		**(826.9)**	(922.6)
Cash flows from financing activities			
Proceeds from borrowings		**2,312.5**	1,617.2
Repayments of borrowings		**(2,365.4)**	(1,674.7)
Net inflow/(outflow) from hedge instruments		**23.7**	(8.2)
Proceeds from issues of ordinary shares		**1.6**	1.0
Dividends paid, net of Dividend Reinvestment Plan	8	**(348.0)**	(205.1)
Net cash outflow from financing activities		**(375.6)**	(269.8)
Net increase/(decrease) in cash and cash equivalents		**8.7**	(25.5)
Cash and deposits, net of overdrafts, at beginning of the year		**115.2**	156.7
Effect of exchange rate changes		**(11.2)**	(16.0)
Cash and deposits, net of overdrafts, at end of the year	24A	**112.7**	115.2

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

Cash flows for divested entities up to the dates of divestment and held for sale businesses have been included in 2017. The comparative cash flows remain unchanged.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2017

	Note	Contributed equity US$m	Reserves US$m	Retained earnings US$m	Total US$m
Year ended 30 June 2016					
Opening balance as at 1 July 2015		6,027.4	(7,101.8)	3,715.5	2,641.1
Profit for the year		-	-	587.7	587.7
Other comprehensive loss		-	(90.2)	(2.8)	(93.0)
Total comprehensive income		-	(90.2)	584.9	494.7
Share-based payments:	21				
- expense recognised		-	23.6	-	23.6
- shares issued		-	(20.1)	-	(20.1)
- equity component of related tax		-	2.2	-	2.2
Transactions with owners in their capacity as owners:					
- dividends declared	22	-	-	(332.3)	(332.3)
- issues of ordinary shares, net of transaction costs	20	145.9	-	-	145.9
- transfers between reserves		-	(5.2)	5.2	-
Closing balance as at 30 June 2016		6,173.3	(7,191.5)	3,973.3	2,955.1
Year ended 30 June 2017					
Opening balance as at 1 July 2016		**6,173.3**	**(7,191.5)**	**3,973.3**	**2,955.1**
Profit for the year		**-**	**-**	**182.9**	**182.9**
Other comprehensive gain/(loss)		**-**	**35.3**	**(9.7)**	**25.6**
Total comprehensive income		-	**35.3**	**173.2**	**208.5**
Share-based payments:	21				
- expense recognised		**-**	**29.7**	**-**	**29.7**
- shares issued		**-**	**(26.2)**	**-**	**(26.2)**
- equity component of related tax		**-**	**(0.1)**	**-**	**(0.1)**
Transactions with owners in their capacity as owners:					
- dividends declared	22	**-**	**-**	**(348.1)**	**(348.1)**
- issues of ordinary shares, net of transaction costs	20	**27.8**	**-**	**-**	**27.8**
Closing balance as at 30 June 2017		**6,201.1**	**(7,152.8)**	**3,798.4**	**2,846.7**

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 2017

Note 1. About this Report

A) 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 2017. These financial statements have been authorised for issue in accordance with a resolution of the Directors on 21 August 2017.

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). 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*. It presents information on a historical cost basis, except for derivative financial instruments and financial assets at fair value through profit or loss.

The financial statements and all comparatives have been prepared using the accounting policies disclosed throughout the financial statements, which are consistent with the prior year.

As Brambles is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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.

References to 2017 and 2016 are to the financial years ended 30 June 2017 and 30 June 2016 respectively.

B) Principles of Consolidation

The consolidated financial statements of Brambles include the assets, liabilities and results of Brambles Limited and all its subsidiaries. The consolidation process eliminates all intercompany accounts and transactions. The financial statements of subsidiaries are prepared using consistent accounting policies and for the same reporting period.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The trading results for business operations disposed of during the year or classified as held for sale are disclosed separately as discontinued operations in the statement of comprehensive income. The amount disclosed includes any related impairment losses recognised and any gains or losses arising on disposal.

C) Presentation Currency

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 and international investors and analysts.

D) 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 profit or loss, except where deferred in equity as qualifying cash flow hedges, qualifying net investment hedges or are attributable to part of the net investment in foreign subsidiaries and joint ventures.

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. Exchange differences arising on the translation of Brambles' overseas and Australian entities are recognised as a separate component of equity.

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	2017	0.7540	1.0950	1.2732
	2016	0.7270	1.1058	1.4719
Year end	30 June 2017	0.7686	1.1439	1.3008
	30 June 2016	0.7467	1.1123	1.3453

E) Investment in Joint Ventures
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 entities are equity accounted. Under this method, Brambles' share of the post-acquisition profits or losses of the joint venture is recognised in profit or loss 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.

Loans to equity accounted joint ventures under formal loan agreements that are long term in nature are included as investments.

F) 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.

G) 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.

Material estimates and judgements are found in the following notes:

- Income taxes (Note 6F)
- Impairment of investments (Note 9)
- Irrecoverable Pooling Equipment Provisioning (Note 14D)
- Impairment of goodwill (Note 15D)

Note 2. Segment Information

Brambles' segment information is provided on the same basis as internal management reporting to the CEO and reflects the structure that has been in place since 1 March 2017. The revised structure was implemented to streamline reporting lines and achieve greater consistency across the Group. Comparative balances have been restated to reflect the revised reporting structure.

Brambles has five reportable segments, being CHEP Americas, CHEP EMEA, CHEP Asia-Pacific (each primarily comprising pallet and container pooling businesses in that region operating under the CHEP brand), IFCO (RPCs pooling businesses operating under the IFCO brand) and Corporate (corporate centre including HFG joint venture and BXB Digital).

Segment performance is measured on sales revenue, Underlying Profit, Cash Flow from Operations, Brambles Value Added (BVA) and Return on Capital Invested (ROCI). Underlying Profit is the main measure of segment profit. A reconciliation between Underlying Profit and operating profit is set out on page 60.

Segment sales revenue is measured on the same basis as in the statement of comprehensive income. 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 the period in which the service is provided.

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.

Note 2. Segment Information – continued

	Sales revenue		Cash Flow from Operations[1]		Brambles Value Added[2]	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m	2017 US$m	2016 US$m
By operating segment						
CHEP Americas	**2,073.5**	2,010.5	**218.9**	199.7	**142.7**	210.1
CHEP EMEA	**1,575.2**	1,550.1	**262.3**	236.0	**189.5**	196.4
CHEP Asia-Pacific	**484.8**	457.8	**111.6**	90.0	**58.3**	52.1
IFCO	**970.8**	881.7	**55.0**	26.7	**(73.5)**	(88.0)
Corporate	**-**	-	**(56.3)**	(33.6)	**(81.9)**	(37.7)
Continuing operations	**5,104.3**	4,900.1	**591.5**	518.8	**235.1**	332.9
By geographic origin						
Americas	**2,343.7**	2,249.2				
Europe	**2,030.6**	1,981.3				
Australia	**383.0**	356.8				
Other	**347.0**	312.8				
Total	**5,104.3**	4,900.1				

[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 2016 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 outside the ordinary course of business, multiplied by 12%.

Note 2. Segment Information – continued

	Operating Profit[3]		Significant Items before tax[4]		Underlying Profit[4]	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m	2017 US$m	2016 US$m
By operating segment						
CHEP Americas	**377.3**	426.3	**(17.8)**	(13.1)	**395.1**	439.4
CHEP EMEA	**375.1**	382.2	**(12.0)**	(3.8)	**387.1**	386.0
CHEP Asia-Pacific	**110.9**	100.6	**(1.2)**	(0.3)	**112.1**	100.9
IFCO	**116.7**	100.2	**(0.9)**	2.9	**117.6**	97.3
Corporate[5]	**(208.6)**	(64.0)	**(154.2)**	(24.9)	**(54.4)**	(39.1)
Continuing operations	**771.4**	945.3	**(186.1)**	(39.2)	**957.5**	984.5

[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 4). It is presented to assist users of the financial statements to better understand Brambles' business results.

[5] Significant Items for the Corporate segment includes the impairment of the Hoover Ferguson Group (HFG) investment (refer Note 9).

Underlying Profit for the Corporate segment includes the following:

	2017 US$m	2016 US$m
Corporate costs	**(31.6)**	(38.3)
BXB Digital	**(10.3)**	(0.8)
HFG joint venture results	**(12.5)**	-
	(54.4)	(39.1)

Note 2. Segment Information – continued

	Return on Capital Invested[6]		Average Capital Invested[7]	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
By operating segment				
CHEP Americas	**20.2%**	25.1%	**1,958.7**	1,750.4
CHEP EMEA	**24.7%**	26.4%	**1,568.4**	1,464.5
CHEP Asia-Pacific	**26.2%**	24.4%	**427.8**	413.0
IFCO	**7.4%**	6.4%	**1,582.3**	1,530.1
Corporate[8]			**109.2**	(61.6)
Continuing operations	**17.0%**	19.3%	**5,646.4**	5,096.4

6 Return on Capital Invested (ROCI) is Underlying Profit divided by Average Capital Invested. ROCI is not disclosed for the Corporate segment as this is not deemed a relevant measure for this segment. ROCI for continuing operations includes the Corporate segment.

7 Average Capital Invested (ACI) is a 12-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings but after adjustment for actuarial gains and losses and net equity-settled shared-based payments.

8 ACI for the Corporate segment at 30 June 2017 includes the US$150.0 million loan to HFG, US$39.2 million deferred consideration receivable from First Reserve and US$20.8 million in relation to the investment in HFG (refer Note 9).

	Capital expenditure[9]		Depreciation and amortisation	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
By operating segment				
CHEP Americas	**434.6**	457.6	**233.1**	214.6
CHEP EMEA	**321.6**	320.0	**145.1**	139.7
CHEP Asia-Pacific	**64.7**	70.8	**52.3**	52.7
IFCO	**200.5**	212.2	**95.6**	93.9
Corporate	**2.1**	0.2	**0.6**	1.2
Continuing operations	**1,023.5**	1,060.8	**526.7**	502.1

9 Capital expenditure on property, plant and equipment is on an accruals basis.

Note 2. Segment Information – continued

	Segment assets		Segment liabilities	
	2017 US$m	**2016 US$m**	**2017 US$m**	**2016 US$m**
By operating segment				
CHEP Americas	**2,389.1**	2,209.2	**330.1**	347.2
CHEP EMEA	**1,915.6**	1,776.6	**254.0**	283.6
CHEP Asia-Pacific	**525.9**	524.8	**85.5**	93.4
IFCO	**2,316.7**	2,158.1	**677.3**	601.0
Corporate[10]	**245.5**	51.0	**49.6**	63.4
Continuing operations	**7,392.8**	6,719.7	**1,396.5**	1,388.6
Discontinued operations[11]	**140.8**	978.5	**51.5**	73.3
Total segment assets and liabilities	**7,533.6**	7,698.2	**1,448.0**	1,461.9
Cash and borrowings	**160.1**	156.1	**2,740.8**	2,777.9
Current tax balances	**11.4**	6.0	**72.5**	74.4
Deferred tax balances	**42.6**	36.0	**639.7**	627.0
Total assets and liabilities	**7,747.7**	7,896.3	**4,901.0**	4,941.2
Non-current assets by geographic origin[12]				
Americas	**2,778.8**	2,954.8		
Europe	**2,557.8**	2,618.7		
Australia	**308.9**	334.4		
Other	**459.3**	465.8		
Total	**6,104.8**	6,373.7		

[10] Segment assets for Corporate as at 30 June 2017 includes the US$150.0 million loan to HFG, US$39.2 million deferred consideration receivable from First Reserve and US$20.8 million in relation to the investment in HFG (refer Note 9).

[11] Includes both the held for sale business and divested entities.

[12] Non-current assets exclude financial instruments of US$8.2 million (June 2016: US$16.7 million) and deferred tax assets of US$42.6 million (June 2016: US$36.0 million).

Note 3. Operating Expenses – Continuing Operations

	2017 US$m	2016 US$m
Employment costs	**722.7**	700.5
Service suppliers:		
- transport	**1,113.0**	1,055.8
- repairs and maintenance	**816.9**	782.0
- subcontractors and other service suppliers	**545.1**	483.9
Raw materials and consumables	**227.2**	224.9
Occupancy	**162.1**	164.0
Depreciation of property, plant and equipment	**500.0**	469.3
Impairment of investment and property, plant and equipment (refer Note 9)	**120.0**	1.7
Irrecoverable pooling equipment provision expense	**89.2**	74.7
Amortisation of intangible asset	**26.7**	32.8
Net foreign exchange losses/(gains)	**3.6**	(1.0)
Other	**89.6**	56.2
	4,416.1	4,044.8

Note 4. 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.

	2017 US$m			**2016 US$m**		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Items outside the ordinary course of business:						
- acquisition-related costs[1]	**(0.8)**	**0.1**	**(0.7)**	(7.8)	0.2	(7.6)
- restructuring & integration costs[2]	**(65.3)**	**19.5**	**(45.8)**	(36.8)	12.3	(24.5)
- impairment of investment (Note 9)	**(120.0)**	**-**	**(120.0)**	-	-	-
- acquisition gains[3]	**-**	**-**	**-**	5.4	(0.1)	5.3
Significant Items from continuing operations	**(186.1)**	**19.6**	**(166.5)**	(39.2)	12.4	(26.8)

[1] Professional fees of US$0.8 million were incurred relating to acquisition activities (2016: US$7.8 million).

[2] Restructuring and integration costs include US$38.6 million relating to the One Better program (2016: US$30.4 million), US$18.6 million for organisation restructure and leadership changes announced in 2017 and 2016 (2016: nil) and US$7.3 million relating to the global CHEP brand refresh project which was completed during the year (2016: US$7.4 million). The One Better program is in the final stages of completion. Restructuring and integration costs for 2016 includes a reversal of prior year provisions not incurred.

[3] The remaining two-thirds of IFCO Japan was acquired on 18 August 2015. On acquisition, the existing interest was remeasured at fair value resulting in a gain of US$5.0 million in 2016. In addition, there was another minor acquisition during 2016 which resulted in an acquisition gain of $0.4 million.

Note 5. Net Finance Costs – Continuing Operations

	2017 US$m	2016 US$m
Finance revenue		
Bank accounts and short-term deposits	**1.2**	1.0
Derivative financial instruments	**15.6**	16.3
Other	**13.3**	0.6
	30.1	17.9
Finance costs		
Interest expense on bank loans and borrowings	**(116.6)**	(119.7)
Derivative financial instruments	**(9.9)**	(6.6)
Other	**(2.3)**	(4.5)
	(128.8)	(130.8)
Net finance costs	**(98.7)**	(112.9)

Finance 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.

Finance costs are recognised as expenses in the year in which they are incurred.

Note 6. Income Tax

	2017 US$m	2016 US$m
A) Components of Tax Expense		
Amounts recognised in the statement of comprehensive income		
Current income tax – continuing operations:		
- income tax charge	**209.7**	183.5
- prior year adjustments	**1.6**	(10.2)
	211.3	173.3
Deferred tax – continuing operations:		
- origination and reversal of temporary differences	**35.5**	63.7
- previously unrecognised tax losses	**(10.1)**	(4.5)
- prior year adjustments	**(8.9)**	7.6
	16.5	66.8
Tax expense – continuing operations	**227.8**	240.1
Tax expense – discontinued operations (Note 10)	**1.5**	20.9
Tax expense recognised in profit or loss	**229.3**	261.0
Amounts recognised in other comprehensive income		
- on actuarial losses on defined benefit pension plans	**(1.9)**	(0.8)
Tax benefit recognised directly in other comprehensive income	**(1.9)**	(0.8)

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.

Current and deferred tax, attributable to amounts recognised directly in equity, are recognised in equity.

Note 6. Income Tax – continued

	2017 US$m	2016 US$m
B) Reconciliation Between Tax Expense and Accounting Profit Before Tax		
Profit before tax – continuing operations	**672.7**	832.4
Tax at standard Australian rate of 30% (2016: 30%)	**201.8**	249.7
Effect of tax rates in other jurisdictions	**(16.7)**	(23.3)
Equity accounted results of joint ventures	**3.7**	-
Prior year adjustments	**(7.3)**	(5.7)
Prior year tax losses written-off	**0.2**	3.1
Current year tax losses not recognised	**5.7**	2.4
Foreign withholding tax unrecoverable	**5.4**	6.1
Change in tax rates	**0.6**	1.0
Non-deductible expenses	**7.9**	10.8
Non-deductible impairment charge	**36.0**	-
Other taxable items	**1.6**	0.8
Prior year tax losses recouped/recognised	**(10.1)**	(4.5)
Other	**(1.0)**	(0.3)
Tax expense – continuing operations	**227.8**	240.1
Tax expense – discontinued operations (Note 10)	**1.5**	20.9
Total income tax expense	**229.3**	261.0

	2017 US$m		2016 US$m	
	Assets	Liabilities	Assets	Liabilities
C) Components of Deferred Tax Assets and Liabilities				
Deferred tax assets and liabilities shown in the balance sheet are represented by cumulative temporary differences attributable to:				
Items recognised through the statement of comprehensive income				
Employee benefits	**36.8**	**-**	28.0	-
Provisions and accruals	**71.1**	**-**	39.4	-
Losses available against future taxable income	**212.8**	**-**	231.8	-
Accelerated depreciation for tax purposes	**-**	**(892.4)**	-	(891.4)
Other	**48.8**	**(91.9)**	86.2	(106.1)
	369.5	**(984.3)**	385.4	(997.5)
Items recognised in other comprehensive income				
Actuarial losses/(gains) on defined benefit pension plans	**7.7**	**(0.9)**	9.1	(0.8)
Share-based payments	**10.9**	**-**	12.8	-
	18.6	**(0.9)**	21.9	(0.8)
Set-off against deferred tax (liabilities)/assets	**(345.5)**	**345.5**	(371.3)	371.3
Net deferred tax assets/(liabilities)	**42.6**	**(639.7)**	36.0	(627.0)

Note 6. Income Tax – continued

	2017 US$m		2016 US$m	
	Assets	Liabilities	Assets	Liabilities
D) Movements in Deferred Tax Assets and Liabilities				
At 1 July	**36.0**	**(627.0)**	41.9	(564.3)
Charged to profit or loss	**8.3**	**(24.8)**	(2.4)	(58.0)
Credited/(charged) directly to equity	**0.2**	**(0.1)**	0.8	-
Acquisition of subsidiary	**-**	**-**	0.3	(3.7)
Divestment of subsidiaries	**(0.5)**	**16.5**	(0.1)	7.6
Offset against deferred tax (liabilities)/assets	**(1.9)**	**1.9**	(3.0)	3.0
Foreign exchange differences	**0.5**	**(6.2)**	(1.5)	(11.6)
At 30 June	**42.6**	**(639.7)**	36.0	(627.0)

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 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.

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. 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 assets to be utilised.

At reporting date, Brambles has unused tax losses of US$889.2 million (2016: US$1,015.7 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US$628.3 million (2016: US$681.4 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$260.9 million (2016: US$334.3 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US$489.2 million (2016: US$530.9 million), which have been recognised in the balance sheet, have an expiry date between 2018 and 2037 (2016: between 2017 and 2035), however it is expected that these losses will be recouped prior to expiry. The remaining tax losses of US$139.1 million (2016: US$150.5 million), which have been recognised in the balance sheet, can be carried forward indefinitely.

Note 6. Income Tax – continued

D) Movements in Deferred Tax Assets and Liabilities – continued

At reporting date, undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised in the consolidated financial statements are US$1,837.7 million (2016: US$1,762.9 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.

The majority of the deferred tax assets and liabilities are expected to be recovered/realised after 12 months of the balance date.

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.

F) Tax Estimates and Judgements

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.

In addition, Brambles regularly assesses the recognition and recoverability of deferred tax assets. This requires judgements about the application of income tax legislation in jurisdictions in which Brambles operates. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets. 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.

G) Tax Policy

Brambles Limited has a Tax Policy approved by the Board of Directors, which sets out the Company's approach to tax risk management and governance, tax planning, and dealing with tax authorities. The Tax Policy is included in Brambles Limited's Code of Conduct. In addition, Brambles Limited's Sustainability Review includes a Tax Report which comprises, amongst other things, details such as the corporate income tax paid by, and effective tax rates of, Brambles. The 2017 Tax Report is scheduled for publication in October 2017 and will be posted on Brambles' website.

Note 7. Earnings Per Share

	2017 US cents	2016 US cents
Earnings Per Share		
- basic	**11.5**	37.3
- diluted	**11.5**	37.1
From continuing operations		
- basic	**28.0**	37.5
- diluted	**27.9**	37.4
- basic, on Underlying Profit after finance costs and tax	**38.5**	39.2
From discontinued operations		
- basic	**(16.5)**	(0.2)
- diluted	**(16.4)**	(0.3)

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.

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.

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 EPS to the extent to which they are dilutive.

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.

Note 7. Earnings Per Share – continued

	2017 Million	2016 Million
A) Weighted Average Number of Shares During the Year		
Used in the calculation of basic earnings per share	**1,588.3**	1,577.6
Adjustment for share rights	**7.0**	6.1
Used in the calculation of diluted earnings per share	**1,595.3**	1,583.7

	2017 US$m	2016 US$m
B) Reconciliations of Profits used in Earnings Per Share Calculations		
Statutory profit		
Profit from continuing operations	**444.9**	592.3
Loss from discontinued operations	**(262.0)**	(4.6)
Profit used in calculating basic and diluted EPS	**182.9**	587.7
Underlying Profit after finance costs and tax		
Underlying Profit (Note 2)	**957.5**	984.5
Net finance costs (Note 5)	**(98.7)**	(112.9)
Underlying Profit before tax	**858.8**	871.6
Tax expense on Underlying Profit	**(247.4)**	(252.5)
Underlying Profit after finance costs and tax	**611.4**	619.1
Which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**611.4**	619.1
Significant Items after tax (Note 4)	**(166.5)**	(26.8)
Profit from continuing operations	**444.9**	592.3

Note 8. Dividends

A) Dividends Paid During the Period

	Interim 2017	Final 2016
Dividend per share (in Australian cents)	14.5	14.5
Cost (in US$ million)	171.4	176.6
Payment date	13 April 2017	13 October 2016

Dividends paid during the year of US$348.0 million (2016: US$329.9 million) differs from the amount recognised in equity of US$348.1 million (2016: US$332.3 million) due to the impact of foreign exchange movements between the dividend record and payment dates.

The Dividend Reinvestment Plan (DRP) was reactivated in 2016. The impact of the DRP for the dividend payments made in 2017, relating to the 2017 interim and 2016 final dividends, were neutralised by an on-market share buy-back. In 2016, the DRP impact was US$124.8 million and was not neutralised.

B) Dividend Declared after 30 June 2017

	Final 2017
Dividend per share (in Australian cents)	**14.5**
Cost (in US$ million)	**180.7**
Payment date	**12 October 2017**
Dividend record date	**14 September 2017**

As this dividend had not been declared at 30 June 2017, it is not reflected in these financial statements. A provision for dividends is only recognised where the dividends have been declared prior to the reporting date.

C) Franking Credits

	2017 US$m	2016 US$m
Franking credits available for subsequent financial years based on an Australian tax rate of 30%	**56.9**	38.7

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 receivable at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The final 2017 dividend will be franked at 30%.

Note 9. Investments

On 21 October 2016, Brambles completed the transaction to combine its Oil and Gas businesses, comprising Ferguson Group (Ferguson) and CHEP Catalyst & Chemical Containers (CCC), with Hoover Container Solutions (Hoover) to create an independent joint venture company, Hoover Ferguson Group (HFG). HFG is 50% owned by Brambles and 50% owned by First Reserve, with both parties accounting for their interest as a joint venture on the basis the shareholders cannot control HFG and key decisions require mutual agreement from both parties. Brambles' interest in the joint venture is equity accounted and is included within the Corporate segment.

Brambles received consideration of US$76.8 million from First Reserve to equalise ownership of HFG, with US$40.0 million received in cash and US$36.8 million as deferred consideration on acquisition. Brambles contributed Ferguson and CCC to HFG with a US$150.0 million shareholder loan, with a cash interest rate of 10.0% per annum, payable quarterly.

The total loan (US$150.0 million) and deferred consideration including accrued interest (US$39.2 million) is disclosed within other non-current receivables on the balance sheet at 30 June 2017. Interest revenue earned on the shareholder loan and deferred consideration during the year was US$12.3 million.

The investment was fair valued on acquisition, which equalled the book value of the Ferguson and CCC net assets.

Investment recoverable amount testing

Based on the performance of HFG and the market conditions in the oil and gas sector, Brambles tested the recoverable amount of the investment in HFG as at 31 December 2016.

The recoverable amount of the investment in HFG is determined based on the fair value less costs to sell calculation, using a discounted cash flow methodology covering a ten-year period with an appropriate terminal value at the end of that period. Key assumptions included in the fair value less costs to sell model relating to the investment include average revenue growth rate of 4.1%, terminal growth rate of 2.0% and pre-tax weighted average cost of capital (WACC) of 13.3%.

Based on the impairment testing at 31 December 2016, an impairment loss of US$120.0 million was recognised in relation to the HFG investment.

At 30 June 2017, there were no indicators of impairment. The carrying value of the investment of US$20.8 million at 30 June 2017 includes the equity accounted loss for 2017 of US$12.5 million. All other things being equal, a reasonably possible change in any of the key assumptions may cause an increase or decrease in the impairment of the investment being recognised.

Note 10. Discontinued Operations

Discontinued operations comprise the held for sale business and divested entities.

A) Held for Sale Business and Divested Entities

Held for sale business

At 30 June 2017, Brambles decided to divest parts of its North American recycled whitewood pallets business. Brambles will maintain ownership of those facilities which assist with the repair and recovery of pooled pallets.

Following this decision, the business to be divested (CHEP Recycled) has been classified as held for sale at 30 June 2017 in accordance with the accounting standards. The results of CHEP Recycled for the current and comparative periods, have been classified as discontinued operations in the statement of comprehensive income and all related note disclosures. The assets and liabilities of CHEP Recycled have been classified as held for sale within the balance sheet and are excluded from all related note disclosures in 2017. The comparative balance sheet and relevant notes remain unchanged.

Impairment testing of the CHEP Recycled business was undertaken at 30 June 2017 based on a stand-alone basis, which resulted in the recognition of a non-cash impairment loss of US$243.8 million. The revised carrying value of the net assets is US$80.0 million, reflecting its fair value less costs to sell as shown below.

	June 2017 US$m
Assets	
Cash and cash equivalents	**0.4**
Trade and other receivables	**45.3**
Property, plant and equipment	**23.1**
Goodwill and intangibles assets	**45.1**
Other assets	**22.1**
Total assets	**136.0**
Liabilities	
Trade and other payables	**42.0**
Other liabilities	**14.0**
Total liabilities	**56.0**
Net assets	**80.0**

Segment assets and liabilities of discontinued operations, as disclosed in Note 2, includes the held for sale business in 2017 and 2016.

The recoverable amount of the assets held for sale are determined based on the fair value less costs to sell calculation, using a discounted cash flow methodology covering a ten-year period with an appropriate terminal value at the end of that period. Key assumptions included in the fair value less costs to sell model relating to the assets include average revenue growth rate of 2.0%, terminal growth rate of 2.0% and pre-tax discount rate of 15.0%. All other things being equal, a reasonably possible change in any of the key assumptions may cause an increase or decrease in the asset impairment being recognised.

Note 10. Discontinued Operations – continued

A) Held for Sale Business and Divested Entities – continued

Divested entities

On 21 October 2016, Brambles combined its Oil and Gas container solutions businesses with Hoover to create a joint venture company, HFG. As a result of this transaction, the Oil and Gas business is accounted for as a divestment as it is no longer 100% owned by Brambles.

On 2 November 2016, Brambles entered into an agreement to sell the Aerospace business, with the completion of the sale taking place on 30 November 2016.

As a consequence of these divestments, the Oil and Gas and Aerospace businesses are presented in discontinued operations in the current and comparative reporting periods within the statement of comprehensive income. In addition to these divestments, discontinued operations comprise net adjustments relating to divestments in prior years.

On 31 May 2016, Brambles divested the LeanLogistics business.

The carrying amount of assets and liabilities for the Aerospace and Oil and Gas businesses at their respective divestment dates were:

	Divestment Dates US$m	June 2016 US$m
Assets		
Trade and other receivables	**35.2**	39.5
Property, plant and equipment	**197.6**	202.4
Goodwill and intangible assets	**300.1**	322.6
Other assets	**23.7**	19.8
Total assets	**556.6**	584.3
Liabilities		
Trade and other payables	**18.4**	22.2
Deferred tax liabilities	**16.5**	34.2
Intercompany with Brambles	**52.9**	6.5
Borrowings	**11.5**	14.8
Other liabilities	**7.7**	14.6
Total liabilities	**107.0**	92.3
Net assets	**449.6**	492.0

Segment assets and liabilities of discontinued operations as at 30 June 2017, as disclosed in Note 2, exclude divested entities. Segment assets and liabilities of discontinued operations as at 30 June 2016 include divested entities and differ to the balances above as they do not include intercompany, cash and tax balances.

Note 10. Discontinued Operations – continued

B) Results of Discontinued Operations

Financial information for discontinued operations is summarised below:

	2017 US$m	2016 US$m
Operating results (excluding profit or loss on divestments) relate to:		
- CHEP Recycled[1]	**(8.9)**	(7.8)
- Aerospace[2]	**(1.1)**	(4.4)
- Oil and Gas[3]	**0.1**	(21.5)
- LeanLogistics[4]	**-**	(3.5)
- other discontinued operations	**(1.0)**	1.9
	(10.9)	(35.3)
Impairment of CHEP Recycled	**(243.8)**	-
Profit on divestment of Aerospace[5]	**19.5**	-
Loss on divestment of Oil and Gas[6]	**(24.9)**	-
Profit on divestment of LeanLogistics	-	52.7
Total operating (loss)/profit for the year	**(260.1)**	17.4
Finance costs	**(0.4)**	(1.1)
(Loss)/profit before tax	**(260.5)**	16.3
Tax expense[7]	**(1.5)**	(20.9)
Loss for the year from discontinued operations	**(262.0)**	(4.6)

[1] Operating result includes US$9.6 million of depreciation and amortisation expense (2016: US$9.1 million).

[2] Operating result includes US$4.9 million of depreciation and amortisation expense (2016: US$10.6 million).

[3] Operating result includes US$7.0 million of depreciation and amortisation expense (2016: US$24.0 million).

[4] Operating result for 2016 includes US$2.4 million of depreciation and amortisation expense.

[5] US$12.5 million gain relating to the cumulative foreign currency translation of the investment previously recognised within other comprehensive income, has been included in the profit on divestment of Aerospace.

[6] US$14.7 million loss relating to the cumulative foreign currency translation of the investment previously recognised within other comprehensive income, has been included in the loss on divestment of Oil and Gas.

[7] Tax expense recognised in 2017 primarily relates to the divestment of the Aerospace and Oil and Gas businesses.

Significant Items outside the ordinary course of business relating to discontinued operations in 2017 were US$(250.0) million, which includes the impairment of CHEP Recycled US$(243.8) million, the profit on divestment of Aerospace US$19.5 million, the loss on divestment of Oil and Gas US$(24.9) million, US$(0.5) million related to CHEP Recycled and US$(0.3) million of other costs.

Significant Items relating to discontinued operations of US$14.1 million recognised during 2016 comprised the gain on sale of LeanLogistics of US$52.7 million, the impairment of goodwill in the Oil and Gas cash generating unit of US$(38.0) million and integration costs of US$(0.6) million. Cash Generating Units (CGU), are the smallest identifiable groupings of Brambles' cash generating assets.

Proceeds from the disposal of businesses of US$160.1 million include net proceeds relating to the sale of Aerospace of US$128.6 million and US$31.5 million received relating to the creation of the HFG joint venture. In 2016, proceeds of US$100.0 million was received in relation to the sale of the LeanLogistics business.

Note 11. Trade and Other Receivables

	2017 US$m	2016 US$m
Current		
Trade receivables	**982.3**	904.1
Provision for doubtful receivables	**(13.0)**	(14.4)
Net trade receivables	**969.3**	889.7
Other debtors	**109.5**	149.1
Accrued and unbilled revenue	**90.2**	111.2
	1,169.0	1,150.0

Trade receivables are recognised when services are provided and settlement is expected within normal credit terms. 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. 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. A provision of US$5.2 million (2016: US$7.6 million) has been recognised as an expense in the current year for specific trade and other receivables for which such evidence exists. 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.

Bad debts are written-off when identified. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Other debtors primarily comprise GST/VAT recoverable and loss compensation receivables.

Note 11. Trade and Other Receivables – continued

	Trade receivables		Other debtors	
	2017	2016	2017	2016
	US$m	US$m	US$m	US$m
At 30 June, the ageing analysis of trade receivables and other debtors by reference to due dates was as follows:				
Not past due	**802.8**	730.9	**81.6**	74.6
Past due 0–30 days but not impaired	**127.6**	118.5	**2.2**	6.8
Past due 31–60 days but not impaired	**22.9**	19.8	**0.8**	8.5
Past due 61–90 days but not impaired	**7.4**	5.7	**1.4**	4.5
Past 90 days but not impaired	**8.6**	14.8	**23.5**	54.7
Impaired	**13.0**	14.4	**-**	-
	982.3	904.1	**109.5**	149.1

Refer to Note 23 for other financial instruments' disclosures.

Note 12. Inventories

Raw materials and consumables	**46.4**	51.3
Work in progress	**-**	0.6
Finished goods	**10.4**	34.3
	56.8	86.2

Inventories on hand are valued at the lower of cost and net realisable value and, where appropriate, a 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.

Note 13. Other Assets

Current		
Prepayments	**45.1**	49.6
Current tax receivable	**11.4**	6.0
Derivative financial instruments (Note 23)	**14.1**	22.0
	70.6	77.6
Non-current		
Prepayments	**5.3**	4.4
Derivative financial instruments (Note 23)	**8.2**	16.7
Other receivables[1]	**189.5**	1.8
	203.0	22.9

1 Other receivables in 2017 primarily comprises the loan receivable and deferred consideration due from HFG joint venture.

Note 14. Property, Plant and Equipment

A) Net Carrying Amounts and Movements During the Year

	2017 US$m			2016 US$m		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Opening net carrying amount	**40.1**	**4,692.2**	**4,732.3**	40.8	4,383.9	4,424.7
Additions[1]	**17.7**	**1,022.4**	**1,040.1**	6.8	1,088.4	1,095.2
Acquisition of subsidiaries	**-**	**-**	**-**	-	24.9	24.9
Divestment of subsidiaries	**(11.5)**	**(186.1)**	**(197.6)**	-	(1.2)	(1.2)
Assets transferred to held for sale	**(5.8)**	**(17.3)**	**(23.1)**	-	-	-
Disposals	**(0.1)**	**(137.4)**	**(137.5)**	(1.6)	(109.9)	(111.5)
Depreciation charge[2]	**(3.8)**	**(513.0)**	**(516.8)**	(2.8)	(501.4)	(504.2)
Impairment of plant and equipment	**-**	**-**	**-**	-	(1.7)	(1.7)
IPEP expense	**-**	**(89.2)**	**(89.2)**	-	(74.8)	(74.8)
Foreign exchange differences	**2.0**	**50.9**	**52.9**	(3.1)	(116.0)	(119.1)
Closing net carrying amount	**38.6**	**4,822.5**	**4,861.1**	40.1	4,692.2	4,732.3
At 30 June						
Cost	**86.5**	**7,366.6**	**7,453.1**	68.4	7,508.5	7,576.9
Accumulated depreciation	**(47.9)**	**(2,544.1)**	**(2,592.0)**	(28.3)	(2,816.3)	(2,844.6)
Net carrying amount	**38.6**	**4,822.5**	**4,861.1**	40.1	4,692.2	4,732.3

1 Includes capital expenditure related to discontinued operations in 2017 of US$16.6 million.

2 Includes depreciation charge related to discontinued operations in 2017 of US$16.8 million.

The net carrying amounts above include plant and equipment held under finance lease of US$22.1 million (2016: US$38.3 million), leasehold improvements of US$18.7 million (2016: US$19.0 million), and capital work in progress of US$37.9 million (2016: US$22.9 million).

B) Recognition and Measurement

Property, plant and equipment (PPE) is stated at cost, net of depreciation and any impairment, except land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of assets, and, where applicable, an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to Brambles. Repairs and maintenance are expensed in profit or loss in the period they are incurred.

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 profit or loss and presented within other income/operating expenses in the period in which the asset is derecognised.

Leases are classified at their inception as either finance or operating leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. 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 PPE held under lease. A lease liability of equal value is also recognised (refer Note 18). Refer to Note 25B for operating leases.

Note 14. Property, Plant and Equipment – continued

C) Depreciation of Property, Plant and Equipment

Depreciation is recognised on a straight-line or reducing balance basis on all PPE (excluding land) over their expected useful lives. 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 shorter.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

D) Irrecoverable Pooling Equipment Provision

Loss is an inherent risk of pooling equipment operations. Brambles' pooling equipment operations around the world differ in terms of business models, market dynamics, customer and distribution channel profiles, contractual arrangements and operational details. Brambles monitors its pooling equipment operations using detailed key performance indicators (KPIs) and conducts audits continuously to confirm the existence and the condition of its pooling equipment assets and to validate its customer hire records. During these audits, which take place at Brambles' plants, customer sites and other locations, pooling equipment is counted on a sample basis and reconciled to the balances shown in Brambles' customer hire records. The irrecoverable pooling equipment provision (IPEP) is determined by reference to historical statistical data in each market, including the outcome of audits and relevant KPIs. IPEP is presented within accumulated depreciation.

E) 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 the recoverable amount. The recoverable amount of goodwill is tested for impairment annually (refer to Note 15D). The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

Value in use is determined as the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 profit or loss in the reporting period in which the write-down occurs.

Note 15. Goodwill and Intangible Assets

A) Net Carrying Amounts and Movements During the Year

	2017 US$m				2016 US$m			
	Goodwill	Software	Other[1]	Total	Goodwill	Software	Other[1]	Total
Opening carrying amount	**1,453.6**	**36.4**	**145.2**	**1,635.2**	1,530.5	42.7	177.8	1,751.0
Additions	**-**	**16.1**	**4.2**	**20.3**	-	10.8	1.7	12.5
Disposals	**-**	**-**	**-**	**-**	-	(0.2)	-	(0.2)
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	49.2	0.2	4.5	53.9
Divestment of subsidiaries	**(264.9)**	**(2.1)**	**(33.1)**	**(300.1)**	(33.3)	(5.4)	(0.2)	(38.9)
Assets transferred to held for sale	**(33.7)**	**-**	**(11.4)**	**(45.1)**	-	-	-	-
Amortisation charge[2]	**-**	**(8.7)**	**(22.7)**	**(31.4)**	-	(11.1)	(30.5)	(41.6)
Impairment loss[3]	**(243.8)**	**-**	**-**	**(243.8)**	(38.0)	-	-	(38.0)
Foreign exchange differences	**(3.7)**	**-**	**(3.3)**	**(7.0)**	(54.8)	(0.6)	(8.1)	(63.5)
Closing carrying amount	**907.5**	**41.7**	**78.9**	**1,028.1**	1,453.6	36.4	145.2	1,635.2
At 30 June								
Gross carrying amount	**907.5**	**325.0**	**218.5**	**1,451.0**	1,491.6	309.3	296.4	2,097.3
Accumulated impairment	**-**	**-**	**-**	**-**	(38.0)	-	-	(38.0)
Accumulated amortisation	**-**	**(283.3)**	**(139.6)**	**(422.9)**	-	(272.9)	(151.2)	(424.1)
Net carrying amount	**907.5**	**41.7**	**78.9**	**1,028.1**	1,453.6	36.4	145.2	1,635.2

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

2 Includes amortisation charge related to discontinued operations in 2017 of US$4.7 million.

3 Based on the fair value less costs to sell model used during impairment testing, a goodwill impairment loss of US$243.8 million was recognised in 2017 in relation to CHEP Recycled and US$38.0 million was recognised in 2016 in relation to the Oil and Gas CGU, reflecting the market conditions in the oil and gas sector.

Note 15. Goodwill and Intangible Assets – continued

B) Summary of Carrying Value of Goodwill

As a result of the change in the management reporting structure, goodwill is now disclosed at the lowest CGU level at which goodwill is assessed for impairment.

	2017 US$m	2016 US$m
CHEP Recycled[1]	-	277.5
Pallecon EMEA (part of CHEP EMEA)	**100.6**	98.6
Pallecon Asia-Pacific (part of CHEP Asia-Pacific)	**33.7**	32.8
IFCO	**679.6**	671.1
Other[2]	**93.6**	92.1
Oil and Gas	-	240.0
Aerospace	-	41.5
Total goodwill	**907.5**	1,453.6

1 Goodwill in CHEP Recycled for 2017 has been included within assets held for sale.

2 Includes goodwill in a number of CGUs for which impairment reviews are performed. The goodwill within these CGUs is not material for separate disclosure.

C) Recognition and Measurement

Goodwill

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 and joint ventures is included in intangible assets and investments in joint ventures, respectively. Goodwill is carried at cost less accumulated impairment losses and is not amortised.

Upon acquisition, any goodwill arising is allocated to each CGU expected to benefit from the acquisition. 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.

Other 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 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 an asset.

Useful lives have been established for all non-goodwill intangible assets. Amortisation charges are expensed in profit or loss 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; and
- 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 CGU 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 profit or loss when the asset is derecognised.

Note 15. Goodwill and Intangible Assets – continued

D) Goodwill Recoverable Amount Testing – Continuing Operations

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. This review may be undertaken more frequently if events or changes indicate that goodwill may be impaired.

The recoverable amount of goodwill is determined based on the higher of the value in use and the fair value less costs to sell calculations undertaken at the CGU level. The value in use is calculated using a discounted cash flow methodology covering a five-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 post-tax and based on the most recent financial projections covering a maximum period of five years. Financial projections are based on assumptions that represent management's best estimates.

Revenue growth rates

Revenue growth rates used are based on management's latest five-year plan. Five-year growth rates ranged between 2.9% and 11.6% for these CGUs (rates: Pallecon EMEA 8.1%, Pallecon Asia-Pacific 5.2% and IFCO 8.5%). Sensitivity testing was performed on these CGUs and a reasonably possible decline in these rates would not cause the carrying value of any of these CGUs to exceed its recoverable amount. Growth rates for 2016 impairment reviews ranged between 2.3% and 13.5%.

Terminal value

The terminal value calculated after year five is determined using the stable growth model, having regard to the weighted average cost of capital (WACC) and terminal growth factor appropriate to each CGU. The average terminal growth rate used in the financial projections was 2.1% (2016: 2.4%), reflecting higher long-term inflation rates in 2017.

Discount rates (pre-tax)

Discount rates used are the pre-tax WACC and include a premium for market risks appropriate to each country in which the CGU operates. Pre-tax WACCs averaged 8.1% (pre-tax rates: Pallecon EMEA 7.1%, Pallecon Asia-Pacific 9.8% and IFCO 8.0%). Average pre-tax WACC rates used for 2016 impairment reviews were 8.4% for businesses remaining in 2017.

Sensitivity

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

Note 16. Trade and Other Payables

	2017 US$m	2016 US$m
Current		
Trade payables	**423.3**	396.5
GST/VAT, refundable deposits and other payables	**511.3**	533.9
Accruals and deferred income	**306.0**	335.9
Derivative financial instruments (Note 23)	**2.9**	2.1
	1,243.5	1,268.4
Non-current		
Other liabilities	**1.2**	4.0
	1.2	4.0

Trade and other creditors represent liabilities for goods and services provided to Brambles prior to the end of the financial year that remain unpaid at the reporting date. The amounts are unsecured, non-interest bearing and are paid within normal credit terms of 30–90 days.

Non-current payables are discounted to present value using the effective interest method.

Refer to Note 23 for other financial instruments' disclosures.

Note 17. Provisions

	2017 US$m		2016 US$m	
	Current	Non-current	Current	Non-current
Employee entitlements	**55.7**	**3.6**	83.1	4.6
Other	**23.3**	**21.5**	31.2	23.1
	79.0	**25.1**	114.3	27.7

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 profit or loss.

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, bonuses and contract entitlements. Annual leave and sick leave entitlements are presented within other payables.

Note 17. Provisions – continued

Liabilities for annual leave, as well as those employee entitlements that 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.

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.

Note 18. Borrowings

	2017 US$m		2016 US$m	
	Current	Non-current	Current	Non-current
Unsecured				
Bank overdrafts	**39.1**	**-**	40.9	-
Bank loans	**42.5**	**446.6**	38.2	405.6
Loan notes[1]	**586.3**	**1,595.8**	112.9	2,142.0
Finance lease liabilities	**5.5**	**16.6**	9.7	28.6
	673.4	**2,059.0**	201.7	2,576.2

1 During 2017, the €500.0 million Euro Medium Term Note (EMTN) with a maturity date of April 2018 and a coupon rate of 4.625% was reclassified from non-current to current. Brambles has sufficient undrawn committed bank facilities to repay the EMTN maturing in April 2018.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss 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.

Finance lease payments are allocated between finance charges and a reduction of the lease liability so as to achieve a constant periodic rate of interest on the lease liability outstanding each period. The finance charge is recognised as a finance cost in profit or loss.

Financial risks and risk management strategies associated with borrowings, including financial covenants, are disclosed in Note 23F.

Note 19. 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. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Note 19. Retirement Benefit Obligations – continued

US$18.6 million (2016: US$17.0 million) has been recognised as an expense in the statement of comprehensive income representing contributions paid and payable to these plans by Brambles at rates specified in the rules of the plans, of which US$18.6 million relates to continuing operations (2016: US$15.0 million).

B) Defined Benefit Plans

Brambles operates a small 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.

A liability in respect of defined benefit pension plans 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 plans' assets at that date. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds.

The 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 2017 by independent professionally qualified actuaries and take account of the requirements of AASB 119. For all plans, the valuation updates have used assumptions, assets and cash flows as at 31 May 2017. The present value of the defined benefit obligation and the past service cost were measured using the projected unit credit method. Past service cost is recognised immediately to the extent that the benefits are already 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 other comprehensive income in the period in which they arise.

A net expense of US$1.9 million has been recognised in profit in respect of defined benefit plans (2016: US$3.1 million), of which US$1.3 million net expense relates to continuing operations (2016: US$2.4 million). Included within the total expense recognised during the year is a net interest cost of US$0.8 million (2016: US$1.4 million).

The amounts recognised in the balance sheet are as follows:

	2017 US$m	**2016 US$m**
Present value of defined benefit obligations	**299.4**	281.4
Fair value of plan assets	**(247.8)**	(233.9)
Net liability recognised in the balance sheet	**51.6**	47.5

Currency variations and a reduction in the discount rate were the key drivers for the changes in the present value of defined benefit obligations and the fair value of plan assets. Benefits paid during the period were US$9.6 million (2016: US$7.7 million). The principal assumption used in the actuarial valuations of the defined benefit obligation was the discount rate of 2.5% (2016: 2.8%) for the plans operating in the United Kingdom and 9.1% (2016: 7.9%) for the South African plan. A reasonably possible change in discount rate or other key assumptions may have a material impact on the defined benefit obligation.

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 plans' actuaries when actuarial valuations are obtained. Additional annual contributions of US$6.5 million (2016: US$6.7 million) are being paid to remove the identified deficits over a period of 6 years (2016: 6 years).

Note 20. Contributed Equity

	Shares	US$m
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2015	1,566,965,534	6,027.4
Issued during the year	19,026,169	145.9
At 30 June 2016	1,585,991,703	6,173.3
At 1 July 2016	**1,585,991,703**	**6,173.3**
Issued during the year	**3,430,091**	**27.8**
At 30 June 2017	**1,589,421,794**	**6,201.1**

Ordinary shares are classified as contributed equity. No gain or loss is recognised in profit or loss 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.

Ordinary shares of Brambles Limited entitle the holder to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of shares held.

Note 21. Share-Based Payments

The Remuneration Report sets out details relating to the Brambles share plans (pages 33 to 34), together with details of performance share rights and MyShare matching conditional rights issued to the Executive Directors and other Key Management Personnel (pages 37 to 38). 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	Exercised during year	Forfeited / lapsed during year	Balance at 30 June
2017						
Performance share rights						
Awards granted in prior periods		7,366,796	-	(2,567,948)	(659,779)	4,139,069
2 Sep 2016	1 April 2024	-	2,524,044	(50,152)	(290,413)	2,183,479
10 Oct 2016	2 Sep 2022	-	102,852	-	-	102,852
2 Feb 2017	16 Sep 2023	-	51,000	-	-	51,000
6 March 2017	2 Sep 2022	-	168,432	-	-	168,432
28 March 2017	28 Mar 2023	-	500	-	-	500
7 Jun 2017	31 Dec 2023	-	118,859	-	-	118,859
MyShare matching conditional rights						
2015 Plan Year	31 Mar 2017	724,854	-	(684,939)	(39,915)	-
2016 Plan Year	31 Mar 2018	239,700	481,897	(59,452)	(60,784)	601,361
2017 Plan Year	31 Mar 2019	-	332,671	(2,617)	(7,071)	322,983
Total rights		**8,331,350**	**3,780,255**	**(3,365,108)**	**(1,057,962)**	**7,688,535**
2016 (summarised comparative)						
Total rights		8,010,162	3,947,600	(2,698,511)	(927,901)	8,331,350

Of the above grants, 236,489 rights were exercisable at 30 June 2017.

		2017	2016
Weighted average data:			
- fair value at grant date of grants made during the year	A$	**10.01**	8.56
- share price at exercise date of grants exercised during the year	A$	**11.39**	10.57
- remaining contractual life at 30 June	years	**4.5**	4.0

The cost of equity-settled share rights 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).

Note 21. Share-Based Payments – continued

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 cash-settled share rights is charged to profit or loss over the relevant vesting periods, with a corresponding increase in provisions.

B) Fair Value Calculations

The fair values of performance share rights and MyShare matching conditional rights were determined as at grant date, using a binomial valuation methodology and exclude the impact of non-market vesting conditions. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as Brambles revises its estimate of the number of shares and performance rights expected to vest at each reporting date.

The significant inputs into the valuation models for the grants made during the year were:

	2017 Grants	**2016 Grants**
Weighted average share price	**A$11.67**	A$10.10
Expected volatility	**20%**	17%
Expected life	**2 – 3 years**	2 – 3 years
Annual risk-free interest rate	**1.44 –1.45%**	1.86 – 1.91%
Expected dividend yield	**2.70%**	2.90%

The expected volatility was determined based on a four-year historic volatility of Brambles' share prices.

C) Share-Based Payments Expense

Brambles recognised a total expense of US$29.7 million (2016: US$23.6 million) relating to equity-settled share-based payments and US$1.4 million (2016: US$1.9 million) relating to cash-settled share-based payments. Of these amounts, US$0.9 million (2016: US$1.8 million) related to discontinued operations.

Note 22. Reserves and Retained Earnings

A) Movements in Reserves and Retained Earnings

	Reserves					
	Share-based payments US$m	Foreign currency translation US$m	Unification US$m	Other US$m	Total US$m	Retained earnings US$m
Year ended 30 June 2016						
Opening balance	73.6	(180.0)	(7,162.4)	167.0	(7,101.8)	3,715.5
Actuarial loss on defined benefit plans	-	-	-	-	-	(2.8)
Foreign exchange differences	-	(90.2)	-	-	(90.2)	-
Share-based payments:						
- expense recognised during the year	23.6	-	-	-	23.6	-
- shares issued	(20.1)	-	-	-	(20.1)	-
- equity component of related tax	2.2	-	-	-	2.2	-
Transfers between reserves	-	-	-	(5.2)	(5.2)	5.2
Dividends declared	-	-	-	-	-	(332.3)
Net profit for the year	-	-	-	-	-	587.7
Closing balance as at 30 June 2016	79.3	(270.2)	(7,162.4)	161.8	(7,191.5)	3,973.3
Year ended 30 June 2017						
Opening balance	**79.3**	**(270.2)**	**(7,162.4)**	**161.8**	**(7,191.5)**	**3,973.3**
Actuarial loss on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**(9.7)**
Foreign exchange differences	**-**	**35.3**	**-**	**-**	**35.3**	**-**
Share-based payments:						
- expense recognised during the year	**29.7**	**-**	**-**	**-**	**29.7**	**-**
- shares issued	**(26.2)**	**-**	**-**	**-**	**(26.2)**	**-**
- equity component of related tax	**(0.1)**	**-**	**-**	**-**	**(0.1)**	**-**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**(348.1)**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**182.9**
Closing balance as at 30 June 2017	**82.7**	**(234.9)**	**(7,162.4)**	**161.8**	**(7,152.8)**	**3,798.4**

B) Nature and Purpose of Reserves

Share-based payments reserve

This comprises the cumulative share-based payment expense recognised in the statement of comprehensive income in relation to equity-settled options and share rights issued but not yet exercised. Refer to Note 21 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 profit or loss on disposal of a foreign subsidiary.

Note 22. Reserves and Retained Earnings – continued

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 the hedging reserve. The hedging reserve represents the cumulative portion of the gain or loss of cash flow hedges that are determined to be effective hedges. Amounts are recognised in the statement of comprehensive income when the associated hedged transaction is recognised or the hedge or the forecast hedged transaction is no longer highly probable.

Note 23. 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. Financial risk management activities are carried out centrally by Brambles' Treasury department in accordance with Board policies and guidelines through standard operating procedures and delegated authorities.

Brambles uses interest rate swaps and forward foreign exchange contracts to manage its market risk and does not trade in financial instruments for speculative purposes.

A) Financial Assets and Liabilities

Financial assets are recognised when Brambles becomes a party to the contractual provisions of the instrument and are classified in the following two categories: financial assets at fair value through profit or loss; and loans and receivables.

Derecognition occurs when rights to the asset have expired or when Brambles transfers its rights to receive cash flows from the asset together with substantially all the risks and rewards of the asset.

Refer to Note 18 for the recognition of interest bearing financial liabilities.

The fair values of all financial assets and liabilities held on the balance sheet as at 30 June 2017 equal the carrying amount, with the exception of loan notes, which have an estimated fair value of US$2,278.6 million (2016: US$2,300.0 million) compared to a carrying value of US$2,182.1 million (2016: US$2,254.9 million). Financial assets and liabilities held at fair value are estimated using Level 2 estimation techniques, which uses inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The fair value of loan notes has been calculated by discounting future cash flows at prevailing interest rates for the relevant yield curves.

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.

B) Derivative and Hedging Activities

For the purposes of hedge accounting, hedges are classified as either fair value hedges, cash flow hedges or net investment hedges.

For fair value hedges, any gain or loss from remeasuring the hedging instrument at fair value is adjusted against the carrying amount of the hedged item and recognised in profit or loss.

For cash flow hedges, 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 the ineffective portion is recognised in profit or loss.

Hedges for net investments in foreign operations are accounted for similarly to cash flow hedges.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Note 23. Financial Risk Management – continued

C) 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 in 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:

	2017 US$m	2016 US$m
Financial assets (floating rate)		
Cash at bank	**152.4**	150.7
Short-term deposits	**7.3**	5.4
	159.7	156.1
Weighted average effective interest rate	**1.0%**	0.1%
Financial assets (fixed rate)		
Loan receivable from HFG joint venture	**150.0**	-
Deferred consideration from First Reserve	**39.2**	-
	189.2	-
Weighted average effective interest rate	**9.2%**	-
Financial liabilities (floating rate)		
Bank overdrafts	**39.1**	40.9
Bank loans	**468.5**	415.3
Interest rate swaps (notional value) – fair value hedges	**572.0**	556.2
Net exposure to cash flow interest rate risk	**1,079.6**	1,012.4
Weighted average effective interest rate	**1.8%**	1.6%
Financial liabilities (fixed rate)		
Loan notes	**2,182.1**	2,254.9
Bank loans	**20.6**	28.5
Finance lease liabilities	**22.1**	38.3
Interest rate swaps (notional value) – fair value hedges	**(572.0)**	(556.2)
Net exposure to fair value interest rate risk	**1,652.8**	1,765.5
Weighted average effective interest rate	**4.8%**	4.9%

Note 23. Financial Risk Management – continued

C) Market Risk – continued

Interest rate swaps – fair value hedges
Brambles entered into interest rate swap transactions with various banks, swapping the €500.0 million 2024 Euro medium-term fixed-rate notes to variable rates for all or part of the term. In accordance with AASB 139, the carrying value of the loan notes has been adjusted to increase debt by US$14.3 million (2016: US$22.6 million) in relation to changes in fair value attributable to the hedged risk. The fair value of interest rate swaps at reporting date was US$14.3 million (2016: US$22.6 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 remeasuring the interest rate swaps at fair value is recorded in profit or loss together with any changes in the fair value of the hedged asset or liability that is attributed to the hedged risk. For 2017, all interest rate swaps were effective hedging instruments.

Sensitivity analysis
Given current economic conditions and Brambles' approach to risk management, the Group's sensitivity to changes in interest rates is not material.

Foreign exchange risk
Exposure to foreign exchange risk generally arises in either the value of transactions translated back to the functional currency of a subsidiary or 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. Within Brambles, exposures may arise with external parties or, alternatively, by way of cross-border intercompany transactions. Forward foreign exchange contracts are primarily used to manage exposures from normal commercial transactions such as the purchase and sale of equipment and services, intercompany interest and royalties. Given that Brambles both generates income and incurs expenses in its local currencies of operation, these exposures are not significant.

Brambles generally mitigates translation exposures by raising debt in currencies where there are matching assets.

Currency profile
The following table sets out the currency mix profile of Brambles' financial instruments at reporting date. Financial assets include cash, trade receivables and derivative assets. Financial liabilities includes trade payables, borrowings and derivative liabilities:

	US dollar US$m	Aust. dollar US$m	Sterling US$m	Euro US$m	Other US$m	Total US$m
2017						
Financial assets	**405.4**	**59.6**	**62.4**	**526.5**	**286.6**	**1,340.5**
Financial liabilities	**1,313.0**	**14.9**	**174.4**	**1,448.5**	**207.8**	**3,158.6**
2016						
Financial assets	259.7	62.8	68.2	447.0	246.8	1,084.5
Financial liabilities	1,400.4	17.0	136.4	1,398.8	223.9	3,176.5

Note 23. Financial Risk Management – continued

C) Market Risk – continued

Forward foreign exchange contracts – cash flow hedges
During 2017, Brambles entered into forward foreign exchange transactions with various banks in a variety of cross-currencies for terms ranging up to three months.

For 2017 and 2016, all foreign exchange contracts were effective hedging instruments. The fair value of these contracts at reporting date was nil (2016: nil).

Other forward foreign exchange contracts
Brambles enters into other forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas subsidiaries. In this case, the forward foreign exchange contract provides an economic hedge against exchange fluctuations in the foreign currency loan balance. The face value and terms of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loan and foreign exchange contracts to spot rates are offset in profit or loss. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading. The fair value of these contracts at reporting date was US$5.3 million (2016: US$14.6 million).

Hedge of net investment in foreign entity
At 30 June 2017, €350.5 million (US$400.9 million) of the 2024 EMTN 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 2017 and 2016, there was no ineffectiveness to be recorded from such partial hedges of net investments in foreign entities.

Sensitivity analysis
Based on the financial instruments held at 30 June 2017, if exchange rates were to weaken/strengthen against the USD by 10% with all other variables held constant, the transaction exposure within profit after tax for the year would not have been material. However, the impact on equity would have been US$28.5 million lower/higher (2016: US$27.7 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.

D) 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 2021. 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. At balance date, loan notes had maturities out to October 2025. Brambles has sufficient undrawn committed bank facilities to repay the €500.0 million EMTN maturing in April 2018.

Brambles also has access to further funding through overdrafts, uncommitted and standby lines of credit, principally to manage day-to-day liquidity.

The average term to maturity of the committed borrowing facilities and the loan notes is equivalent to 3.7 years (2016: 4.3 years). These facilities are unsecured and are guaranteed as described in Note 32B.

Note 23. Financial Risk Management – continued

D) Liquidity Risk – continued

Borrowing facilities maturity profile

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	>4 years US$m	Total US$m
2017						
Total facilities	**887.3**	**684.2**	**1,048.1**	**355.8**	**1,428.6**	**4,404.0**
Facilities used[1]	**(659.1)**	**(137.7)**	**(657.4)**	**(107.1)**	**(1,153.8)**	**(2,715.1)**
Facilities available	**228.2**	**546.5**	**390.7**	**248.7**	**274.8**	**1,688.9**
2016						
Total facilities	590.6	1,056.7	660.2	756.9	1,529.1	4,593.5
Facilities used[1]	(184.8)	(644.9)	(38.7)	(609.0)	(1,274.8)	(2,752.2)
Facilities available	405.8	411.8	621.5	147.9	254.3	1,841.3

[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$17.3 million (2016: US$25.7 million) from loan notes and borrowings as shown in the balance sheet, which are measured on the basis of amortised cost as determined under the effective interest method and include accrued interest, transaction costs and fair value adjustments on certain hedging instruments.

Note 23. Financial Risk Management – continued

D) Liquidity Risk – continued

Maturities of financial liabilities

The maturities of Brambles' contractual cash flows on non-derivative financial liabilities (for principal and interest) and contractual cash flows on net and gross settled derivative financial instruments, based on the remaining period to contractual maturity date, are presented below. Cash flows on interest rate swaps and forward foreign exchange contracts are valued based on forward interest and exchange rates applicable at reporting date.

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	>4 years US$m	Total contractual cash flows US$m	Carrying amount (assets)/ liabilities US$m
2017							
Non-derivative financial liabilities							
Trade payables	**423.3**	**-**	**-**	**-**	**-**	**423.3**	**423.3**
Bank overdrafts	**39.1**	**-**	**-**	**-**	**-**	**39.1**	**39.1**
Bank loans	**52.8**	**121.3**	**157.9**	**106.2**	**76.8**	**515.0**	**489.1**
Loan notes	**670.8**	**80.6**	**554.6**	**32.7**	**1,211.2**	**2,549.9**	**2,182.1**
Finance lease liabilities	**5.9**	**4.6**	**4.1**	**3.4**	**5.8**	**23.8**	**22.1**
	1,191.9	**206.5**	**716.6**	**142.3**	**1,293.8**	**3,551.1**	**3,155.7**
Financial guarantees[1]	**46.7**	**-**	**-**	**-**	**-**	**46.7**	**-**
	1,238.6	**206.5**	**716.6**	**142.3**	**1,293.8**	**3,597.8**	**3,155.7**
Derivative financial (assets)/liabilities							
Net settled interest rate swaps							
- fair value hedges	**(5.9)**	**(2.8)**	**(2.2)**	**(1.8)**	**(1.9)**	**(14.6)**	**(14.1)**
Gross settled forward foreign exchange contracts							
- (inflow)	**(999.8)**	**-**	**-**	**-**	**-**	**(999.8)**	**(5.3)**
- outflow	**994.5**	**-**	**-**	**-**	**-**	**994.5**	**-**
	(11.2)	**(2.8)**	**(2.2)**	**(1.8)**	**(1.9)**	**(19.9)**	**(19.4)**

Note 23. Financial Risk Management – continued

D) Liquidity Risk – continued

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	>4 years US$m	Total contractual cash flows US$m	Carrying amount (assets)/ liabilities US$m
2016							
Non-derivative financial liabilities							
Trade payables	396.5	-	-	-	-	396.5	396.5
Bank overdrafts	40.9	-	-	-	-	40.9	40.9
Bank loans	47.6	87.3	17.9	108.2	211.7	472.7	443.8
Loan notes	201.2	636.8	79.7	554.4	1,235.0	2,707.1	2,254.9
Finance lease liabilities	10.9	9.1	7.1	5.9	9.3	42.3	38.3
	697.1	733.2	104.7	668.5	1,456.0	3,659.5	3,174.4
Financial guarantees[1]	54.9	-	-	-	-	54.9	-
	752.0	733.2	104.7	668.5	1,456.0	3,714.4	3,174.4
Derivative financial (assets)/liabilities							
Net settled interest rate swaps							
- fair value hedges	(5.7)	(6.6)	(2.8)	(2.7)	(7.8)	(25.6)	(22.0)
Gross settled forward foreign exchange contracts							
- (inflow)	(932.5)	-	-	-	-	(932.5)	(14.6)
- outflow	917.9	-	-	-	-	917.9	-
	(20.3)	(6.6)	(2.8)	(2.7)	(7.8)	(40.2)	(36.6)

1 Refer to Note 26A for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. Brambles does not expect these payments to eventuate.

Note 23. Financial Risk Management – continued

E) 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. Other than the non-current receivables due from HFG joint venture and First Reserve totalling US$189.2 million, 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.

Brambles transacts derivatives with prominent financial institutions and has credit limits in place to limit exposure to any potential non-performance by its counterparties.

F) 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 2017, 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, varying the maturity profile of its borrowings and managing discretionary expenses.

Brambles considers its capital to comprise:

	2017 US$m	**2016 US$m**
Total borrowings	**2,732.4**	2,777.9
Less: cash and cash equivalents	**(159.7)**	(156.1)
Net debt[1]	**2,572.7**	2,621.8
Total equity	**2,846.7**	2,955.1
Total capital	**5,419.4**	5,576.9

[1] Excludes amounts which are classified as held for sale at 30 June 2017. If the assets and liabilities relating to held for sale balances were included, the adjusted net debt would be US$2,580.7 million.

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 2017 and prior years.

Note 24. Cash Flow Statement – Additional Information

A) Reconciliation of Cash

	2017 US$m	2016 US$m
For the purpose of the cash flow statement, cash comprises:		
Cash at bank and in hand[1]	**152.8**	150.7
Short-term deposits	**7.3**	5.4
	160.1	156.1
Bank overdraft (Note 18)[2]	**(47.4)**	(40.9)
	112.7	115.2

1 Includes cash at bank and in hand (US$0.4 million) relating to held for sale operations in 2017.

2 Includes a bank overdraft (US$8.3 million) relating to held for sale operations in 2017.

Cash and cash equivalents include 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. Bank overdrafts are presented within borrowings in the balance sheet.

Cash and cash equivalents include balances of US$1.4 million (2016: US$1.5 million) used as security for various contingent liabilities and are not readily accessible. Short-term deposits have initial maturities varying between seven days and three months.

Brambles has various master netting and set-off arrangements covering cash pooling. An amount of US$28.4 million has been reduced from cash at bank and overdraft at 30 June 2017 (2016: US$26.9 million).

Note 24. Cash Flow Statement – Additional Information – continued

B) Reconciliation of Profit After Tax to Net Cash Flows from Operating Activities

	2017 US$m	2016 US$m
Profit after tax	**182.9**	587.7
Adjustments for:		
- depreciation and amortisation	**548.2**	548.2
- irrecoverable pooling equipment provision expense	**89.2**	74.8
- loss/(profit) on divestments	**5.4**	(52.7)
- net losses on disposals of property, plant and equipment	**5.9**	0.3
- impairment of goodwill and plant and equipment	**243.8**	39.7
- impairment of investment	**120.0**	-
- other valuation adjustments	**0.3**	(6.2)
- joint ventures and associates	**12.5**	-
- equity-settled share-based payments	**29.7**	23.6
- finance revenues and costs	**(0.2)**	(2.6)
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- increase in trade and other receivables	**(80.3)**	(139.5)
- increase in prepayments	**(2.4)**	(5.8)
- decrease/(increase) in inventories	**6.6**	(7.1)
- increase in deferred taxes	**24.7**	62.7
- increase in trade and other payables	**73.1**	6.2
- (decrease)/increase in tax payables	**(7.4)**	15.1
- (decrease)/increase in provisions	**(32.1)**	12.4
- other	**(8.7)**	10.1
Net cash inflow from operating activities	**1,211.2**	1,166.9

Note 24. Cash Flow Statement – Additional Information – continued

C) Reconciliation of Movement in Net Debt

	2017 US$m	2016 US$m
Net debt at beginning of the year	**2,621.8**	2,688.9
Net cash inflow from operating activities	**(1,211.2)**	(1,166.9)
Net cash outflow from investing activities	**826.9**	922.6
Net (inflow)/outflow from hedge instruments	**(23.7)**	8.2
Proceeds from issue of ordinary shares	**(1.6)**	(1.0)
Dividends paid	**348.0**	205.1
Increase on business acquisitions	**-**	15.3
Interest accruals, finance leases and other	**(6.7)**	(10.4)
Foreign exchange differences	**19.2**	(40.0)
Net debt at end of the year	**2,572.7**	2,621.8
Being:		
Current borrowings	**673.4**	201.7
Non-current borrowings	**2,059.0**	2,576.2
Cash and cash equivalents	**(159.7)**	(156.1)
Net debt at end of the year	**2,572.7**	2,621.8

D) Non-Cash Financing or Investing Activities

Apart from the Dividend Reinvestment Plan, there were no financing or investing transactions during the year which had a material effect on the assets and liabilities of Brambles that did not involve cash flows.

Note 25. Commitments

A) Capital Expenditure Commitments

Capital expenditure, principally relating to property, plant and equipment, contracted for but not recognised as liabilities at reporting date was as follows:

	2017 US$m	2016 US$m
Within one year	**119.6**	113.6
Between one and five years	**156.7**	151.5
After five years	**7.4**	38.1
	283.7	303.2

Note 25. Commitments – continued

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 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. The future minimum lease payments under such non-cancellable operating leases are as follows:

	Plant		Occupancy	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Within one year	**27.2**	23.4	**105.0**	107.9
Between one and five years	**54.7**	56.4	**257.0**	260.8
After five years	**7.1**	10.2	**107.8**	100.1
Minimum lease payments	**89.0**	90.0	**469.8**	468.8

During the year, operating lease expense of US$161.4 million (2016: US$157.6 million) was recognised in profit or loss.

Note 26. Contingencies

a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to performance under contracts entered into totalling US$46.7 million (2016: US$54.9 million), of which US$35.2 million (2016: US$37.9 million) is also guaranteed by Brambles Limited. US$11.3 million (2016: US$16.9 million) is also guaranteed by Brambles Limited and certain of its subsidiaries under a deed of cross-guarantee and is included in Note 32B.

b) Brambles guarantees certain Iron Mountain (formerly Recall) lease obligations. To the extent any claims or liabilities arise under those guarantees and are caused by an Iron Mountain Group company, Iron Mountain has indemnified Brambles under the Demerger Deed relating to the demerger of Brambles' former Recall business.

c) Environmental contingent liabilities

   Brambles' activities have previously included the treatment and disposal of hazardous and non-hazardous waste through subsidiaries and corporate joint ventures. In addition, other activities of Brambles entail using, handling and storing materials which are capable of causing environmental impairment.

   As a consequence of the nature of these activities, Brambles has incurred and may continue to incur environmental costs and liabilities associated with site and facility operation, closure, remediation, aftercare, monitoring and licensing. Provisions have been made in respect of estimated environmental liabilities at all sites and facilities where obligations are known to exist and can be reliably measured.

   However, additional liabilities may emerge due to a number of factors including changes in the numerous laws and regulations which govern environmental protection, liability, land use, planning and other matters in each jurisdiction in which Brambles operates or has operated. These extensive laws and regulations are continually evolving in response to technological advances, scientific developments and other factors. Brambles cannot predict the extent to which it may be affected in the future by any such changes in legislation or regulation.

d) In the ordinary course of business, Brambles becomes involved in litigation. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably quantified. Receivables have been recognised where recoveries, for example from insurance arrangements, are virtually certain. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.

Note 27. Auditor's Remuneration

	2017 US$'000	2016 US$'000
Amounts received or due and receivable by PwC (Australia) for:		
Audit services in Australia:		
- audit and review of Brambles' financial reports	**2,178**	1,694
- other assurance services	**60**	300
	2,238	1,994
Other services:		
- tax advisory services	**-**	27
- other	**26**	79
	26	106
Total remuneration of PwC (Australia)	**2,264**	2,100
Amounts received or due and receivable by related practices of PwC (Australia) for:		
Audit services outside Australia:		
- audit and review of Brambles' financial reports	**3,093**	3,682
- other assurance services	**37**	4
	3,130	3,686
Other services:		
- tax advisory services	**12**	53
- other	**35**	68
	47	121
Total remuneration of related practices of PwC (Australia)	**3,177**	3,807
Total auditor's remuneration	**5,441**	5,907

From time to time, Brambles employs PwC on assignments additional to its statutory audit duties where PwC, through its detailed knowledge of the Group, is 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 approves any management recommendation that PwC undertakes 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 compliance projects and agreed upon procedures in relation to financial metrics and disclosures.

Note 28. Key Management Personnel

A) Key Management Personnel Compensation

	2017 US$'000	2016 US$'000
Short-term employee benefits	**7,106**	10,162
Post-employment benefits	**76**	276
Other benefits	**753**	95
Share-based payment expense	**7,270**	7,422
	15,205	17,955

B) Other Transactions with Key Management Personnel

Other transactions with Key Management Personnel are set out in Note 29A.

Further remuneration disclosures are set out in the Directors' Report on pages 22 to 42 of the Annual Report.

Note 29. Related Party Information

A) 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.

B) Other Related Parties

A subsidiary has a non-interest bearing advance outstanding as at 30 June 2017 of US$1,097,063 (2016: US$1,054,000) 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.

Per Note 9, Brambles contributed Ferguson and CCC to HFG with a US$150.0 million shareholder loan, with a cash interest rate of 10.0% per annum, payable quarterly.

Note 29. Related Party Information – continued

C) Material Subsidiaries

The principal subsidiaries of Brambles during the year were:

		% interest held at reporting date	
Name	**Place of incorporation**	**2017**	**2016**
CHEP USA	USA	**100**	100
CHEP Canada, Inc.	Canada	**100**	100
CHEP UK Limited	UK	**100**	100
CHEP Equipment Pooling NV	Belgium	**100**	100
CHEP Deutschland GmbH	Germany	**100**	100
CHEP South Africa (Proprietary) Limited	South Africa	**100**	100
CHEP Australia Limited	Australia	**100**	100
CHEP Recycled Pallet Solutions LLC	USA	**100**	100
CHEP Mexico SA de CV	Mexico	**100**	100
IFCO Systems North America LLC	USA	**100**	100
IFCO Systems GmbH	Germany	**100**	100
Brambles USA Inc.	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. Shares in subsidiaries are recorded at cost, less provision for impairment.

Material subsidiaries which prepare financial statements report a 30 June balance date.

Note 30. Events After Balance Sheet Date

Other than those outlined in the Directors' Report or elsewhere in these financial statements, no other events have occurred subsequent to 30 June 2017 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

Note 31. Net Assets Per Share

	2017 US cents	**2016 US cents**
Based on 1,589.4 million shares (2016: 1,586.0 million shares):		
- Net tangible assets per share	**111.6**	83.2
- Net assets per share	**179.1**	186.3

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

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

Note 32. Parent Entity Financial Information

A) Summarised Financial Data of Brambles Limited

	Parent entity	
	2017	**2016**
	US$m	**US$m**
Profit for the year	**376.0**	368.7
Other comprehensive income/(loss) for the year	**174.8**	(142.3)
Total comprehensive income	**550.8**	226.4
Current assets	**2.6**	4.6
Non-current assets	**7,810.3**	7,118.8
Total assets	**7,812.9**	7,123.4
Current liabilities	**33.0**	26.5
Non-current liabilities	**1,578.5**	1,135.8
Total liabilities	**1,611.5**	1,162.3
Net assets	**6,201.4**	5,961.1
Contributed equity	**6,201.1**	6,173.3
Share-based payment reserve	**57.4**	47.6
Foreign currency translation reserve	**(223.3)**	(398.1)
Retained earnings	**166.2**	138.3
Total equity	**6,201.4**	5,961.1

Dividends received from investments in subsidiaries are recognised as revenue even if they are paid out of pre-acquisition profits.

Note 32. Parent Entity Financial Information – continued

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$1,827.3 million (2016: US$1,875.5 million), of which US$392.5 million (2016: US$346.9 million) has been drawn.

Brambles Limited and certain of its subsidiaries are parties to guarantees which supports US Private Placement borrowings of US$20.0 million (2016: US$116.5 million) by a subsidiary.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which supports notes of US$1,000.0 million (2016: US$1,000.0 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 supports notes of €1,000.0 million (2016: €1,000.0 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$558.6 million (2016: US$539.4 million), of which US$129.1 million (2016: US$147.6 million) has been drawn.

Other than these guarantees, the parent entity did not have any contingent liabilities at 30 June 2017 or 30 June 2016.

C) Contractual Commitments
Brambles Limited did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2017 or 30 June 2016.

Note 33. New Accounting Standards and Interpretations Not Yet Adopted

At 30 June 2017, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods as detailed below.

Brambles has not early-adopted these new or amended accounting standards and interpretations in 2017 and is continuing to assess the impact on Brambles’ financial results and financial statements presentation. A project team has been implemented to assess the impact of the new accounting standards relevant to Brambles' operations. This assessment process also includes identifying changes to internal and external reporting requirements, IT systems, business processes and associated internal controls with the aim of quantifying the expected impact of the new standards as well as supporting ongoing compliance with new accounting requirements. New and amended accounting standards include:

- AASB 9: Financial Instruments is applicable to annual reporting periods beginning on or after 1 January 2018. AASB 9 addresses the classification, measurement and derecognition of financial assets and liabilities, introduces a new impairment model and introduces new rules for hedge accounting. Whilst the impact of this standard is still being assessed, it is not expected to have a material impact for Brambles.

- AASB 15: Revenue from Contracts with Customers is applicable to annual reporting periods beginning on or after 1 January 2018 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. Whilst the impact of this standard is still being assessed, it will result in a higher deferred revenue balance being recognised on the balance sheet; however, due to the retained earnings adjustment on transition, it is not expected to have a material impact on revenue.

- AASB 16: Leases requires lessees to recognise most leases on the balance sheet. AASB 16 is effective for reporting periods beginning or after 1 January 2019. Whilst the impact of this standard is still being assessed, it is expected to have a material impact for Brambles.

Brambles is not expecting to early-adopt any of these standards in future reporting periods.

Directors' Declaration

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 51 to 108 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 2017 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.

S P Johns

Chairman

G A Chipchase

Chief Executive Officer

21 August 2017

Independent auditor's report

To the shareholders of Brambles Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Brambles Limited (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group's financial report comprises:

- the consolidated balance sheet as at 30 June 2017
- the consolidated statement of comprehensive income for the year ended 30 June 2017
- the consolidated cash flow statement for the year ended 30 June 2017
- the consolidated statement of changes in equity for the year ended 30 June 2017
- the notes to and forming part of the financial statements for the year ended 30 June 2017, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

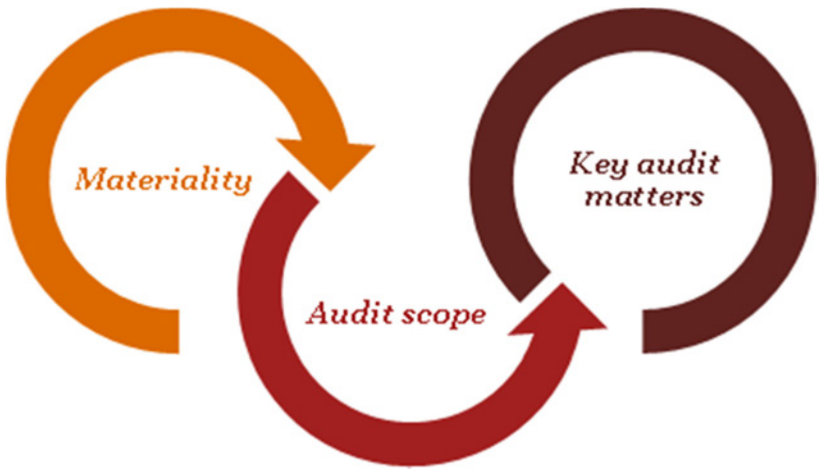
Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000,
GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



Materiality

- For the purpose of our audit we used overall Group materiality of $39.5 million, which represents approximately 5% of the Group's profit before tax adjusted for significant impairment charges as they are unusual or infrequently occurring items.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and it is a generally accepted benchmark. We selected 5% based on our professional judgement noting it is within the range of commonly acceptable thresholds.

Audit scope

- The Group's financial results comprise the consolidation of a network of pooled pallet, crate and container businesses which are geographically widespread. We tailored the scope of our audit so that we performed sufficient work to be able to give an opinion on the financial report as a whole, taking into account the structure of the Group, the significance and risk profile of each business, the accounting processes and controls, and the industry in which the Group operates.
- Our audit also focused on areas of subjective judgement, for example, significant accounting estimates involving assumptions and inherently uncertain future events.

pwc

Audit of significant locations, transactions and balances

- Local PwC audit firms performed an audit of the financial information prepared for consolidation purposes for eighteen components of the Group. The components were selected due to their significance to the Group, either by individual size or by risk. Certain components in the Group are selected every year due to their size or nature, while others are included on a rotational basis.

- In addition, local PwC audit firms performed risk focused audit procedures on selected transactions and balances for a further seven components.

- The remaining components were financially insignificant, and comprise more than one hundred and fifty entities. Those entities are considered in our Group analytical procedures and our understanding of these entities.

Audit of shared service functions

- Our audit of IT, tax and certain finance processes was performed centrally by PwC teams based in various territories, reflecting the location of the Group's shared services functions. This included some audit procedures performed at the Group's finance process outsourced services provider. The PwC Australia Group audit team (the Group audit team) performed audit procedures over centrally managed areas such as share based payments, treasury, equity investment impairment review and the consolidation process.

Direction and supervision by the Group audit team

- The audit procedures were performed by PwC Australia and local PwC audit firms operating under the Group audit team's instructions. The Group audit team determined the level of involvement needed in the audit work by local audit firms to be satisfied that sufficient audit evidence had been obtained for the purpose of the opinion. The Group audit team kept in regular communication with the local audit firms throughout the year through phone calls, discussions and written instructions. Senior members of the Group audit team visited certain businesses and met with management and local audit teams including significant locations (which are visited twice every year); significant shared service centres (which are visited every year); and certain other locations (which are visited on a rotational basis).

- The audit team both at Group and at local component levels were appropriately skilled and competent to perform an audit of a complex global business. This included specialists and experts such as IT auditors, actuarial, tax, treasury and valuation specialists.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were communicated to the Audit Committee. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Accounting for pooling equipment assets *(Refer to note 14)* Brambles' pooling equipment is accounted for as depreciable fixed assets, classified within plant & equipment. The accounting for pooling equipment was a key audit matter due to the assets' financial size and judgement involved. As disclosed in Note 14 of the financial report, there is inherent risk in accounting for pooling equipment due to the high volume of asset movements through a complex network, and a limitation on the Group's ability to physically verify the quantity of the pallets and containers due to access and cost prohibitions. The two largest categories of pooling equipment are pallets and reusable plastic crates (RPCs). *Pooled pallets* Key areas of judgement in relation to pooled pallets included estimated useful life (and therefore the pattern of depreciation) and accounting for lost pallets. The estimation of the provision for lost pallets (called the irrecoverable pooling equipment provision, or "IPEP") involves significant estimates and the Group's judgement. The provision is calculated by considering the results of the Group's site audits, historical experience of pallet loss and flows analysis as reported through the asset management system. *Reusable plastic crates (RPCs)* Accounting for RPCs is complex and involves uncertainty in estimating the number of crates lost per trip, the useful life of crates and crate residual value. There is further complexity in accounting for deposits and matching them against lost crates when they are written off.	*Pooled pallets* Evaluated the design effectiveness and tested a selection of key asset management controls including attending pallet audits and assessing the results of the Group's counts. Tested key reconciliations between the numbers of pallets in the accounting records compared to the operations system. To challenge the provision calculation methodology and assumptions we: • assessed key assumptions and judgements, with a particular focus on distributors who are not customers of CHEP, as losses from such distributors are historically higher; • assessed provision estimates for significant customers where CHEP has no access to physically count the pallets; • evaluated how historical pallet loss rates and flows analysis are used to estimate future losses; and • tested the calculations and extrapolations of provision estimates across pallets. Obtained an understanding of useful lives and assessed continued appropriateness based on an understanding of the business. *Reusable plastic crates (RPCs)* Tested a selection of the Group's controls over accounting for RPCs including monthly pool reconciliations, crate sample counts and the deposit matching process. Tested key reconciliations between the numbers of crates in the accounting records compared to the operations system. Inspected historical flows analyses prepared by the Group to test the reasonableness of estimates such as crates lost per trip. Considered and challenged the Group's key assumptions and other drivers of the number and value of recorded crates by agreeing the cost and residual value of a sample of crates to external evidence, taking part in stock observation, and receiving confirmations from crate producers.

Key audit matter	How our audit addressed the key audit matter
	Tested a sample of the outstanding crate deposits and performed procedures in regards to the deposit matching process. Obtained an understanding of useful lives and assessed continued appropriateness based on an understanding of the business.
Recoverability of equity investments *(Refer to note 9)* An impairment of $120m was recognised during the year in relation to the Group's equity investment in Hoover Ferguson Group (HFG). Prior to the impairment assessment, the investment had a carrying value of $148.6m. The recoverability of the HFG equity investment was a key audit matter because of its financial size and the impact of the impairment charge. In preparing the Fair Value less costs to sell model (the model) used to assess the recoverability of this equity investment, the Group made a number of assumptions that were subjective and judgemental. The key assumptions and related disclosures can be found in Note 9 of the financial report which indicates that the impairment assessment remains sensitive to a range of assumptions, in particular to changes in discount rates and achievement of forecast revenue.	We evaluated HFG's cash flow forecasts in the model and the process by which they were developed. Our testing of the Group's model was assisted by PwC valuation experts who assessed the reasonableness of assumptions in the model by: • comparing revenue forecasts to the historical performance of the business and the assessment of HFG's future prospects; • comparing long term market growth assumptions to external market data; • comparing the discount rate against a selection of similar companies; • assessing components of the discount rate, through the creation of an independent 'shadow' calculation; and • considering the sensitivity of the model to changes in key assumptions by applying other values within range that we independently assessed as being reasonably possible. We examined the report obtained by the Group from a valuation expert, which was used to assist the Group in their evaluation of fair value. We considered the outcomes of the report for evidence on the carrying amount of the equity investment. We assessed the competency of the valuation expert which included considering their experience and qualifications.
Carrying amount of Held for Sale assets *(Refer to note 10)* At 30 June 2017, the Group has deemed a portion of its North American recycled whitewood pallet business as being held for sale. The determination of the fair value of the specific	Evaluated the Group's assessment as to whether the criteria under Australian Accounting Standards to recognise the assets as held for sale were met.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>assets which have been classified as held for sale, was a key audit matter because of the judgement related to the valuation and the financial size of the impairment charge incurred to record the assets at fair value.

In preparing the Fair Value less costs to sell model (the FVLCTS model) used to assess the value of the held for sale assets, the Group made a number of assumptions that were subjective and judgemental, including forecast cashflows and the discount rate.

As at 30 June 2016 these assets were grouped with the North American pallets cash generating unit for the purposes of impairment assessment.</td><td>Our testing of the Group's FVLCTS model included the assessment of the reasonableness of key assumptions, with assistance from our PwC valuations experts, by:

• comparing revenue forecasts to the historical performance of the business and the assessment of the business's future prospects;
• comparing long term market growth assumptions to external market data;
• comparing the discount rate against a selection of similar companies;
• assessing components of the discount rate, through the creation of an independent 'shadow' calculation;
• considering the sensitivity of the FVLCTS model to changes in key assumptions by applying other values within range that we independently assessed as being reasonably possible; and
• considering the valuation in the context of the current status of the sale process.</td></tr>
<tr><td>Calculation of current and deferred taxation balances

(Refer to note 6)

The calculation of taxation balances was a key audit matter because the Group operates in a large number of jurisdictions with different laws, regulations and authorities resulting in complex tax calculations. Judgement is involved in a number of aspects of the tax calculations, including the assessment of recorded tax losses for recoverability. The calculation of income taxes is disclosed in Note 6 of the financial report including the key judgements made in the assessment of the taxation provision.</td><td>Assessed the rationale on which current tax was calculated and deferred tax assets and liabilities were recognised.

We tested the Group tax analysis prepared by the Group and were assisted in our understanding by PwC tax specialists.

We challenged the Group's tax forecasts for jurisdictions where there are material recorded tax losses by comparing these tax forecasts to 5 year business plans, testing key tax assumptions and comparing underlying business results to the Group's five year plans. We also assessed the rationale for and calculation of unrecognised deferred tax assets which are disclosed.

We also considered and challenged the assumptions made by the Group in making judgemental tax provisions. We utilised the expertise of a PwC tax specialist who liaised directly with local PwC tax specialists in the relevant territories.</td></tr>
</table>

Other information

The directors are responsible for the other information in the annual report. The other information comprises the Letter from the Chairman, Letter from the CEO, Operating & Financial Review, Board & Executive Leadership Team, Director's Report – Other Information, Shareholder Information, Five-year Financial Performance Summary and Glossary but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 22 to 42 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Brambles Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horl

Susan Horlin Partner	Sydney 21 August 2017

EPenny

Eliza Penny Partner	Sydney 21 August 2017

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Brambles Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brambles Limited and the entities it controlled during the period.

S. Horl

Susan Horlin	Sydney
Partner	21 August 2017
PricewaterhouseCoopers	

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Five-Year Financial Performance Summary

	2017 US$m	2016 US$m	2015 US$m	2014 US$m	2013 US$m
Continuing operations[1,2,3]					
Sales revenue[1,2,3]	**5,104.3**	4,900.1	5,440.5	5,404.5	5,082.9
EBITDA[1,2,3]	**1,298.1**	1,447.4	1,487.9	1,457.8	1,382.8
Depreciation and amortisation[1,2,3]	**(526.7)**	(502.1)	(546.1)	(528.3)	(495.7)
Operating profit[1,2,3]	**771.4**	945.3	941.8	929.5	887.1
Net finance costs[1,2,3]	**(98.7)**	(112.9)	(111.9)	(113.0)	(110.8)
Profit before tax[1,2,3]	**672.7**	832.4	829.9	816.5	776.3
Tax expense[1,2,3]	**(227.8)**	(240.1)	(242.3)	(232.0)	(220.0)
Profit from continuing operations[1,2,3]	**444.9**	592.3	587.6	584.5	556.3
Profit from discontinued operations[1,2,3]	**(262.0)**	(4.6)	(3.2)	683.2	84.3
Profit for the year[1,2,3]	**182.9**	587.7	584.4	1,267.7	640.6
Underlying Profit[1,2,3]	**957.5**	984.5	986.9	960.1	913.0
Significant Items[1,2,3]	**(186.1)**	(39.2)	(45.1)	(30.6)	(25.9)
Operating profit[1,2,3]	**771.4**	945.3	941.8	929.5	887.1
Weighted average number of shares (millions)	**1,588.3**	1,577.6	1,566.0	1,560.7	1,555.7
Earnings per share (US cents)					
Basic	**11.5**	37.3	37.3	81.2	41.2
From continuing operations[1,2,3]	**28.0**	37.5	37.5	37.5	35.8
On Underlying Profit after finance costs and tax[1,2,3]	**38.5**	39.2	39.7	38.7	36.9
ROCI[1,2,3]	**17%**	19%	16%	16%	16%
BVA[1,2,3]	**235.1**	332.9	233.5	266.5	246.8
Capex on property, plant and equipment[1,2,3]	**1,023.5**	1,060.8	1,035.4	908.0	865.7
Balance sheet					
Capital employed	**5,419.4**	5,576.9	5,330.0	5,112.7	5,739.8
Net debt	**2,572.7**	2,621.8	2,688.9	2,361.7	2,714.4
Equity	**2,846.7**	2,955.1	2,641.1	2,751.0	3,025.4
Average Capital Invested[1,2,3,4]	**5,646.4**	5,096.4	6,251.5	5,889.6	5,576.9
Cash Flow					
Cash Flow from Operations[1,2,3]	**591.5**	518.8	729.5	828.2	697.3
Free Cash Flow	**224.2**	171.7	404.1	430.9	508.6
Dividends paid, net of Dividend Reinvestment Plan	**348.0**	205.1	359.3	394.2	425.5
Free Cash Flow after dividends	**(123.8)**	(33.4)	44.8	36.7	83.1
Net debt ratios					
Net debt to EBITDA (times)	**1.7**	1.7	1.7	1.6	1.7
EBITDA interest cover (times)	**15.2**	13.5	13.7	13.2	14.6
Average employees[1,2,3]	**13,882**	13,816	13,854	14,086	13,166
Dividend declared per share (Australian cents)	**29.0**	29.0	28.0	27.0	27.0

1 CHEP Recycled, Oil and Gas and Aerospace businesses are presented within discontinued operations in 2017 and 2016. Periods prior to 2016 include CHEP Recycled, Oil and Gas and Aerospace businesses within continuing operations and are consistent with previously published data.

2 LeanLogistics is presented within discontinued operations in 2016 and 2015. Periods prior to 2015 include LeanLogistics within continuing operations and are consistent with previously published data.

3 Recall is presented within discontinued operations in 2014 and 2013.

4 Average Capital Invested (ACI) prior to 2016 is based on the previous ACI definition which reflects adjustments for accumulated pre-tax Significant Items and is consistent with previously published data. The ACI definition was amended in December 2016 to exclude adjustments for accumulated pre-tax Significant Items (refer Glossary).

Glossary

2006 Share Plan or **PSP**	The Brambles Limited 2006 Performance Share Plan (as amended)
Acquired Shares	Brambles Limited shares purchased by Brambles' employees under MyShare
actual currency/FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period
AGM	Annual General Meeting
ACI (Average Capital Invested)	A 12-month average of capital invested; capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for actuarial gains or losses and net equity adjustments for equity-settled share-based payments
BIFR (Brambles Injury Frequency Rate)	Safety performance indicator that measures the combined number of fatalities, lost-time injuries, modified duties and medical treatments per million hours worked
BIL	Brambles Industries Limited, which was one of the two listed entities in the previous dual-listed companies structure
BIP	Brambles Industries plc, which was one of the two listed entities in the previous dual-listed companies structure
Board	The Board of Directors of Brambles Limited
BVA (Brambles Value Added)	The value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2016 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 outside the ordinary course of business, multiplied by 12%
CAGR (Compound Annual Growth Rate)	The annualised percentage at which a measure (e.g. sales revenue) would have grown over a period if it grew at a steady rate
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business
Circular economy	A circular economy regenerates and circulates key resources ensuring products, components and materials are at their highest utility and value, at all times
CGPR	The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Third Edition
Company	Brambles Limited (ACN 118 896 021)
Constant currency/constant FX	Current period results translated into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods
Continuing operations	Continuing operations refers to CHEP Americas, CHEP EMEA, CHEP Asia-Pacific (each primarily comprising pallet and container pooling businesses in that region operating under the CHEP brand), IFCO (RPCs pooling businesses operating under the IFCO brand) and Corporate (corporate centre including HFG joint venture and BXB Digital)
Disclosable Executives	Brambles Limited's Executive Directors, Non-Executive Directors and other Group executives whose remuneration details are required to be disclosed in the Remuneration Report
discontinued operations	Operations which have been divested/demerged or which are held for sale
DRP (Dividend Reinvestment Plan)	The Brambles Dividend Reinvestment Plan, under which Australian and New Zealand shareholders can elect to apply some or all of their dividends to the purchase of shares in Brambles instead of receiving cash
DLC	Dual-listed companies structure: the contractual arrangement between Brambles Industries Limited and Brambles Industries plc from August 2001 to December 2006 under which they operated as if a single economic enterprise, while retaining separate legal identities, tax residences and stock exchange listings
EPS (Earnings Per Share)	Profit after finance costs, tax, minority interests and Significant Items, divided by the weighted average number of shares on issue during the period
EBITA (Earnings before Interest, Tax and Amortisation)	Operating profit from continuing operations after adding back depreciation

Glossary – continued

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)	Operating profit from continuing operations after adding back depreciation and amortisation
ELT	Brambles' Executive Leadership Team, details of which are on pages 20 and 21
Free Cash Flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals
FY (Financial Year)	Brambles' financial year is 1 July to 30 June; FY17 indicates the financial year ended 30 June 2017
Group or **Brambles**	Brambles Limited and all of its related bodies corporate
IBCs (Intermediate Bulk Containers)	Palletised containers used for the transport and storage of bulk products in a variety of industries including the food, chemical, pharmaceuticals and transportation industries
IPEP (Irrecoverable Pooling Equipment Provision)	Provision held by Brambles to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation
Key Management Personnel	Members of the Board of Brambles Limited and Brambles' Executive Leadership Team
KPI(s)	Key Performance Indicator(s)
LTI	Long-Term Incentive
Matching Awards	Matching share rights over Brambles Limited shares allocated to employees when they purchase Acquired Shares under MyShare; when an employee's Matching Awards vest, Matching Shares are allocated
Matching Shares	Shares allocated to employees who have held Acquired Shares under MyShare for two years, and who remain employed at the end of that two-year period; one Matching Share is allocated for every Acquired Share held
MyShare	The Brambles Limited MyShare Plan, an all-employee share plan, under which employees acquire ordinary shares by means of deductions from their after-tax pay and must hold those shares for a two-year period. If an employee holds those shares and remains employed at the end of the two-year period, Brambles will match the number of shares that employee holds by issuing or transferring to them the same number of shares they held for the qualifying period, at no additional cost to the employee
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (earnings before interest and tax)
Performance Period	A two-to-three year period over which the achievement of performance conditions is assessed to determine whether STI and LTI share awards will vest
PAT (Profit after Tax)	Profit after finance costs, tax, minority interests and Significant Items
RPCs	Reusable/returnable plastic/produce container/crate, generally used for shipment and display of fresh produce items
ROCI (Return on Capital Invested)	Underlying Profit divided by Average Capital Invested
Sharing economy	An economic system in which assets or services are shared between different agents, either free or for a fee
Significant Items	Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant re-organisations or restructuring); or part of the ordinary activities of the business but unusual because of their size and nature
STI	Short-Term Incentive
TSR (Total Shareholder Return)	Measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified performance period
Underlying EPS	Profit finance costs, tax and minority interests but before Significant Items, divided by the weighted average number of shares on issue during the period
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items

Unification	The unification of the dual-listed companies structure (between Brambles Industries Limited and Brambles Industries plc) under a new single Australian holding company, Brambles Limited, which took place in December 2006
Unit-load equipment	A term for any tools or platforms (such as pallets, crates and containers) used for the shipment or storage of multiple units of goods (for example, boxes of grocery items) in standardised volumes and formats for ease of shipment and storage through the supply chain.
The Year	Brambles' 2017 financial year

Notes

Notes

Contact Information

Registered Office

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

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

London Office

Nova South
160 Victoria Street
London SW1E 5LB
United Kingdom

Telephone: +44 (0)20 38809400

CHEP Americas

8517 South Park Circle
Orlando FL 32819
USA

Telephone: +1 (407) 370 2437

5897 Windward Parkway
Alpharetta GA 30005
USA

Telephone: +1 (770) 668 8100

CHEP Europe, Middle East & Africa

Weybridge Business Park
Addlestone Road
Weybridge, Surrey KT15 2UP
United Kingdom

Telephone: +44 (01932) 850085
Facsimile: +44 (01932) 850144

CHEP Asia Pacific

Level 6, Building C
11 Talavera Road
North Ryde NSW 2113
Australia

Telephone: +61 13 CHEP(2437)
Facsimile: +61 (0) 2 9856 2404

IFCO

Zugspitzstraße 7
82049 Pullach
Germany

Telephone: +49 (089) 744 91 0
Facsimile: +49 (089) 744 91 290

Investor & Analyst Queries

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

Share Registry

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

Link Market Services Limited

Level 12, 680 George Street, Sydney NSW 2000, Australia
Locked Bag A14, Sydney South NSW 1235, Australia

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

Share Rights Registry

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

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

Boardroom Pty Limited

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

Telephone: 1800 180 833 (within Australia)
+61 (0) 2 9290 9684 (from outside Australia)

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

Email: bramblesesp@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

American Depository Receipts Registry

Deutsche Bank Shareholder Services
American Stock Transfer & Trust Company
Operations Centre
6201 15th Avenue
Brooklyn NY 11219
USA

Telephone: +1 866 706 0509 (toll free)
+1 718 921 8124