Brambles

Annual Report 2012

www.brambles.com

Brambles is a pooling solutions company specialising in the provision of reusable pallets, crates and containers and associated logistics services. Headquartered in Sydney, Australia, Brambles operates across multiple industry supply chains in more than 50 countries. We operate our pooling solutions business under two core brands, CHEP and IFCO. Brambles also operates the Recall business, a leading provider of information management services.

In 2012, we have upgraded our website and included an enhanced online Annual Review. To visit the 2012 Annual Review micro-site, go to www.brambles.com/2012review.

The Brambles website has been relaunched with improved shareholder experience in mind.

www.brambles.com

The new website includes an upgraded Investor Centre with access to key announcements and webcasts.

www.brambles.com/investor-centre

The 2012 online Annual Review contains an interactive Strategy Scorecard with highlights of our progress.

www.brambles.com/2012review

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Brambles Limited
ABN 89 118 896 021

LETTER FROM THE CHAIRMAN & THE CEO

BRAMBLES' CHIEF EXECUTIVE OFFICER TOM GORMAN (LEFT) AND CHAIRMAN GRAHAM KRAEHE AO (RIGHT)

5 September 2012

During the 2012 financial year, Brambles remained committed to generating value for all stakeholders, delivering further sales and Underlying profit growth and increasing momentum with the implementation of its long-term growth strategy.

We reported a strong increase in sales revenue for the period amid a challenging economic backdrop. We drove growth by adding new customers and by entering new segments and regions. We strengthened our established operations in the Pallets segment and expanded our less established operations in the high-growth Reusable Plastic Crates (RPCs) and Containers segments, as well as in emerging markets. We delivered this sales growth at a stable Underlying profit margin for the Group while continuing to increase investment in business development and improvement programs to strengthen our business for the future.

The Board declared dividends for the 2012 financial year of 26.0 Australian cents per share, comprising a final dividend of 13.0 Australian cents per share, payable on 11 October 2012, and the interim dividend of 13.0 Australian cents per share paid in April 2012. The level of franking on the final dividend has increased to 30% from 20%.

Full discussion of our 2012 results and details of the dividend are available in the Operational & Financial Review on pages 4 to 11 of this report.

ORGANISING TO DELIVER

In October 2011, we completed the reorganisation of our Pooling Solutions operations into three segments: Pallets, RPCs and Containers. This organisation structure aligns with the way we engage with different customers – and enables us to operate with more strategic rigour as we evaluate opportunities for growth and development within the three segments. This new structure is allowing us to focus on delivering greater efficiencies while providing higher levels of transparency for management and shareholders into the performance of our specific operations.

During the Year, we undertook a divestment process for Recall, our information management business. This reflected our focus on growing the Pooling Solutions business and our belief that we could obtain a sale valuation for Recall that reflected our view of its quality and potential. In June 2012, after a rigorous and extensive process and amid challenging capital markets conditions, the Board concluded that offers from bidders did not reflect Recall's value or offer sufficient certainty. Therefore, it was in the best interests of Brambles' shareholders to retain Recall, which is a profitable and growing business.

Throughout the divestment process, our employees at Recall performed with outstanding professionalism, continuing to deliver consistently high levels of customer service. We are committed to continuing to manage Recall to generate value for shareholders, customers and employees.

As a result of the cancellation of the Recall sale, we carried out in June 2012 a fully underwritten, 1-for-20 pro rata accelerated renounceable entitlement offer, raising A$448 million. The purpose of the equity raising was to replace funds Brambles would have raised through the underwritten dividend reinvestment plan for the 2011 final and 2012 interim dividends (which formed part of the IFCO acquisition funding plan but which we cancelled in August 2011 because of our expectation at that time that we would receive funds from selling Recall).

Raising equity to help fund the IFCO acquisition was necessary to maintain investment-grade credit ratings. These ratings are important for a company of Brambles' size and global scale to retain the funding flexibility to execute our strategy effectively.

STRATEGY

Today, we are approaching strategy under four key themes: diversification; cost leadership; go to market; and people and leadership. Our 2012 online Annual Review, which is accessible via the Brambles website, provides an in-depth discussion of our progress in relation to these themes. The online review includes a Strategy Scorecard, a snapshot of which we provide on the inside front cover of this report and which is summarised in our Annual Review & Notice of Annual General Meeting document.

DIVERSIFICATION

Our growth strategy involves diversifying our global Pooling Solutions business, operating primarily under the CHEP and IFCO brands, by expanding into more customer segments, broadening our range of products and services, and growing geographically, including in emerging markets. In Recall, we continue to diversify and develop the way we deliver services to customers, including the delivery of digital document management services.

To support diversification in Pooling Solutions, we made strong progress in the Year with our program to invest US$550 million over two years to expand our RPCs business, grow the Pallets business in emerging markets and develop our operations in the Containers business. In all, we invested US$240 million under this program in 2012, in line with our target for the first year of the program.

As we diversify, our three Pooling Solutions segments are achieving their sales growth targets. In the largest and most developed – the Pallets segment – we continue to deliver constant currency sales growth in our major markets such as the USA, Canada, Western Europe and Australia & New Zealand. This reflects our ability to win business by converting new customers to our solutions, despite poor economic conditions leading to a subdued environment for like-for-like "organic" volume and pricing growth. In the emerging markets of Middle East & Africa, Latin America, Central & Eastern Europe and Asia, which now represent 15% of our CHEP sales revenue in the Pallets segment, we delivered constant currency sales revenue growth of 20% in the 2012 financial year, in line with the target we set 12 months ago for each of 2012 and 2013.

In RPCs, we are on track to deliver our target of 15% constant currency sales revenue growth, when normalised for the impact of acquisitions, in the 2013 financial year, having achieved that goal in 2012. The acquisition in March 2011 of IFCO Systems – operator of the world's largest RPC pooling business – gave a significant boost to Brambles in this area. Today, our RPCs segment is growing strongly as retailers continue to drive their suppliers of fresh produce to adopt reusable pooled solutions, which are more sustainable and efficient than disposable alternatives. We are expanding strongly by penetrating further into new regions, in particular in the USA.

We are also progressing our growth strategy in the smallest of our three Pooling Solutions segments, Containers, through which we provide specialist solutions in the automotive, manufacturing, chemicals and aerospace sectors. Over the past 24 months, we have made a number of small acquisitions to support our expansion and continued to win new business. We formally launched the CHEP Aerospace Solutions brand during the 2012 financial year, and have strong momentum with customer growth in that sector. We are also making progress with our strategy of expanding our automotive and intermediate bulk container operations in the USA.

Our Pallets, RPCs and Containers segments share certain characteristics that align with Brambles' core pooling expertise: a common platform is used by multiple parties; assets (i.e. pallets, crates and containers) flow freely; the ownership of those assets is not a competitive differentiator to the user (i.e. our customer); pooling those assets can create a "network advantage" through increased efficiency; and expert management of that network can generate superior economic profit for the pooler. These common characteristics enable us to apply the unique intellectual property we have from our well-established operations into these newer operations. Each of our new initiatives offers a compelling market opportunity and, at scale, long-term return on capital invested in excess of 20%, pre-tax, in line with our pre-existing Pooling Solutions operations.

We are proud of the strong return on capital profile of our company, but also conscious of the continuous improvement required to protect that return and to continue to create value for our three key stakeholder groups – shareholders, customers and employees.

COST LEADERSHIP

We have positive momentum with our growth strategy, but the journey has not been without challenges, not least in the context of the severe economic headwinds we face in many of our major countries of operation. While these economic conditions are beyond our control, they place in sharper focus the importance of maximising efficiency. Therefore, we continue to strengthen our efforts in our second area of strategic focus: cost leadership, by which we mean delivering a low-cost business model that leverages our global scale to create sustainable competitive advantage.

In 2012, we demonstrated positive momentum in cost leadership. In Recall, we delivered substantial cost reduction and efficiency improvements, helping to drive a significant increase in Underlying profit margin.

In the Pallets segment, there were continued improvements in the efficiency of delivery of the Better Everyday business improvement program in CHEP USA. Also in the Americas, we delivered the first tranches of savings from the integration of the IFCO acquisition, and best-practice standardisation in operations and logistics.

Across the Group, we expect to deliver total IFCO integration synergies of US$40 million by the end of the 2014 financial year and total Pallets operations and logistics efficiencies of US$60 million by the end of 2015.

Cost leadership is also about maximising capital efficiency. Our focus on asset utilisation continues to increase, in particular in Pallets. The three main drivers of asset cost in equipment pooling are loss, cycle time and damage – that is, what proportion of the pool leaves our network control, how quickly we can retrieve our assets, and the extent of wear and tear that those assets endure while they are under hire.

During the Year, we continued to invest in projects aimed at addressing these three key issues so we can improve control of our assets over the long term. For example, in CHEP USA, we have worked with some customers in the grocery manufacturing sector to reduce the number of pallets sent into distribution and retail channels that do not participate fully in the CHEP pooling network. This means fewer of our pallets get lost, we are able to retrieve and return them more quickly and – because they spend less time in the field – damage rates should reduce. We are pleased to report a modest reduction in the size of the Irrecoverable Pooling Equipment Provision – which provides for non-compensated pallets that have leaked from our system – in the Americas region of the Pallets segment as a result of these initiatives.

GO TO MARKET

We are investing in enhancing and developing the way we go to market by strengthening our brand position and continuing to enhance the customer experience through improved quality of our products and services.

Since the launch of the new organisation structure in October we have made significant progress building our strategy and making the organisational changes necessary to support that strategy.

We have streamlined and accelerated our product development efforts by linking them more closely to our customer engagement programs and innovation processes.

We have implemented a standardised go-to-market approach for our commercial teams to drive an improved quality and efficiency in our interaction with customers.

We have set up a dedicated global accounts team for our largest customers, resulting in a significant improvement in customer satisfaction and the conversion of major growth opportunities.

During the Year, we relaunched CHEP's website, representing all our CHEP-branded operations. The new CHEP.com looks better, is easier to use and contains information that more accurately reflects the structure of CHEP's operations and customer solutions. We have also recently relaunched the Brambles corporate website, to make information easier to find for shareholders.

Ongoing improvements to the quality of our product and service continue. The Better Everyday program in CHEP USA – to improve repair standards, enhance ease of doing business for our customers and strengthen our sales organisation - progressed further in 2012. The strongest indication of this program's success is the strengthening rate of new business wins we have recorded in the USA despite subdued economic conditions. In the USA and globally, we are also recording continued improvements in our Net Promoter Score results, which monitor customer loyalty.

PEOPLE & LEADERSHIP

The other of our four key themes is people and leadership: attracting, developing and retaining the right individuals and teams that can enhance our culture and bring the required capability for sustainable success.

A key aspect of this is the Board itself, which we strengthened with three international appointments in the 2012 financial year: Tahira Hassan, who has had a distinguished 26-year career with leading nutrition, health and wellness company Nestlé; David Gosnell, President of Global Supply & Procurement with leading premium drinks business Diageo, who previously served on the Brambles Board from 2006 to 2010; and Doug Duncan, who had a 30-year career in the transport and logistics sector, culminating in the position of President & CEO, FedEx Freight.

The Board reviews best practice in corporate governance on an ongoing basis. More details are available in the Corporate Governance Statement on pages 33 to 45.

In addition to strengthening the Board, we made three appointments to the Executive Leadership Team (ELT) during the Year: Jean Holley, as Chief Information Officer; Jason Rabbino, as Group President, Containers; and Zlatko Todorcevski, as Chief Financial Officer. Jean's and Jason's biographies are on pages 31 to 32 of this report. Zlatko will join Brambles before the end of the 2012 calendar year from Oil Search, one of the largest oil and gas production and exploration companies on the Australian Securities Exchange. He previously had a successful career with BHP Billiton, including as Chief Financial Officer of its energy division. Zlatko's appointment follows Greg Hayes' decision to retire. Greg came out of retirement to join Brambles in November 2009 and played an important role in the successful operations of the company during his tenure, in particular the development of our strategy to expand our Pooling Solutions operations and the IFCO acquisition. He will cease employment with Brambles in March 2013.

The new appointments we have made at the Board and ELT level have advanced the objectives set out in the Diversity Policy that the Board adopted in the 2011 financial year.

We continue to invest in developing our people. An example is our relationship with CEDEP (the European Centre for Executive Development, based on the INSEAD business school campus at Fontainebleau, France). Building on previous development programs we have run with CEDEP, in 2012 we developed and ran a program to support our growth efforts in emerging markets. Some 35 executives from around the Group attended the initial workshop, with the objective of sharing best practice and learning from subject matter experts from other companies and academia.

SAFETY & SUSTAINABILITY

It is with great sadness that we report two employee fatalities that occurred in the USA during the Year. In October 2011, Alfredo Ruiz, a warehouse assistant in the CHEP Catalyst & Chemical Container business in Houston, Texas, suffered a serious injury while at work. Sadly, he did not recover from his injury and passed away in June 2012. We also suffered the loss of Roland Haggins, a Recall employee, as a result of structural damage at a Recall-operated facility in Landover, Maryland in June 2012. These events are unacceptable and, in line with our Zero Harm policy, we continue to seek to improve our overall safety performance. Full details of our progress during the Year are set out in the Sustainability Review on page 24 of this report.

Brambles believes it makes a positive contribution to sustainable business practices through its operations' unique position in the supply chains they serve. Brambles is committed to being a responsible and valuable partner in the supply chain and is focused on building a long-term sustainable business that serves its customers, employees, shareholders and the communities in which they live. Details of key sustainability activities in the 2012 financial year are set out in the Sustainability Review on pages 14 to 28.

OUTLOOK

We have provided guidance for the 2013 financial year to deliver constant currency sales revenue in each of our four segments: Pallets, RPCs, Containers and Recall. We expect Recall to deliver Underlying profit margins comparable to the 2012 financial year.

We have given guidance for Underlying profit for the Group of between US$1,010 million and US$1,070 million, at 30 June 2012 foreign exchange rates. This profit guidance represents year-on-year growth of 4% to 10% at those exchange rates. We expect net finance costs of US$125 million and an effective tax rate of approximately 28%. All guidance is subject to unforeseen events and ongoing economic uncertainty.

Brambles has entered the 2013 financial year in robust and resilient shape, despite the ongoing challenges created by the uncertain and volatile economic conditions in many of our major markets. Against this backdrop, we are committed to delivering on our growth strategy, to driving ongoing improvements in our underlying business, and to continuing to innovate and enhance service for our customers while providing a safe and stimulating workplace for our employees.

We wish to thank all Brambles' management and employees as well as our fellow directors for their continued commitment and support during the Year.

GRAHAM KRAEHE AO
Chairman

TOM GORMAN
CEO

OPERATIONAL & FINANCIAL REVIEW

SALES & STATUTORY PROFIT SUMMARY

US$M	2012	2011	Change % (actual FX)	Change % (constant FX)[1]
SALES REVENUE				
Pallets - Americas	2,041.3	1,654.8	23	25
Pallets - EMEA	1,326.8	1,318.3	1	4
Pallets - Asia-Pacific	375.8	340.0	11	7
Total Pallets	**3,743.9**	**3,313.1**	**13**	**15**
RPCs	759.5	310.0	145	149
Containers	276.6	233.8	18	20
Total Pooling Solutions	**4,780.0**	**3,856.9**	**24**	**26**
Recall	845.0	815.3	4	4
Total Brambles	**5,625.0**	**4,672.2**	**20**	**22**
OPERATING PROFIT				
Pallets - Americas	346.4	275.6	26	27
Pallets - EMEA	269.3	299.9	(10)	(8)
Pallets - Asia-Pacific	75.7	74.1	2	(3)
Total Pallets	**691.4**	**649.6**	**6**	**8**
RPCs	109.3	27.8	293	301
Containers	32.8	37.9	(13)	(11)
Total Pooling Solutions	**833.5**	**715.3**	**17**	**18**
Recall	160.1	145.8	10	10
Brambles HQ	(54.4)	(51.9)	(5)	(1)
Total Continuing operations	**939.2**	**809.2**	**16**	**18**
PROFIT AFTER TAX				
Operating profit from Continuing operations	939.2	809.2	16	18
Net finance costs	(152.0)	(127.5)	(19)	(22)
Tax expense	(212.3)	(209.9)	(1)	(3)
Profit from discontinued operations	1.4	3.6	(61)	(78)
Total Brambles	**576.3**	**475.4**	**21**	**23**
EARNINGS PER SHARE (BASIC, US CENTS)				
Weighted average number of shares (millions)	1,482.3	1,445.6		
Total Brambles EPS	**38.9**	**32.9**	**18**	**20**

[1]Brambles calculates constant currency by translating results for the period into US dollars at the exchange rates applicable during the prior corresponding period.

UNDERLYING PROFIT[2]

US$M	2012	2011	Change % (actual FX)	Change % (constant FX)
Pallets - Americas	363.6	276.9	31	33
Pallets - EMEA	274.8	302.6	(9)	(6)
Pallets - Asia-Pacific	76.6	75.4	2	(3)
Total Pallets	**715.0**	**654.9**	**9**	**11**
RPCs	125.5	53.8	133	138
Containers	32.8	37.9	(13)	(11)
Total Pooling Solutions	**873.3**	**746.6**	**17**	**19**
Recall	174.2	145.3	20	19
Brambles HQ	(37.8)	(34.7)	(9)	(5)
Underlying profit	**1,009.7**	**857.2**	**18**	**20**

RECONCILIATION OF UNDERLYING PROFIT TO OPERATING PROFIT

US$M	2012	2011
Underlying profit	**1,009.7**	**857.2**
Significant items:		
Acquisition-related costs	(2.8)	(19.1)
Restructuring costs	(37.0)	(3.4)
IFCO integration costs	(16.2)	(25.5)
Pension costs	(5.8)	-
Foreign exchange gain on capital repatriation	12.5	-
Recall transaction costs	(21.2)	-
Total Significant items	**(70.5)**	**(48.0)**
Operating profit	**939.2**	**809.2**

[2]Underlying profit is profit from Continuing operations before finance costs, tax and Significant items.

GROUP REVIEW

SALES

Brambles' sales revenue in the 12 months ended 30 June 2012 was US$5,625.0 million, up 20% (22% at constant currency) compared with the prior corresponding period.

The increase reflected a full-year contribution from businesses acquired since the start of the prior corresponding period – primarily IFCO Systems, acquired in March 2011 – as well as new business wins across all segments and modest growth in like-for-like volumes and pricing. On a pro forma[3] basis, adjusting for the contribution of acquisitions, sales revenue was up 6% (7% at constant currency).

The Pooling Solutions segments of Pallets, Reusable Plastic Crates (RPCs) and Containers contributed sales revenue of US$4,780.0 million, up 24% (26% at constant currency). The Recall information management segment contributed sales revenue of US$845.0 million, up 4% (4% at constant currency).

BUSINESS WINS

The contribution to sales revenue of net new business wins[4] was US$184 million, or 3 percentage points of total constant currency sales revenue growth, as all segments won more business than they lost during the period. The Pooling Solutions segments contributed US$160 million of the net new business wins. Recall contributed US$24 million. The net annualised value of new business Brambles won during the period was US$314 million, comprising US$290 million from Pooling Solutions and US$24 million from Recall.

OPERATING & UNDERLYING PROFIT

Operating profit was US$939.2 million, up 16% (18% at constant currency). This included the impact of US$(70.5) million of Significant items, consisting of: US$(37.0) million of restructuring costs; US$(16.2) million of IFCO integration costs; US$(21.2) million of transaction costs from the unsuccessful divestment of Recall; a US$12.5 million gain on repatriation of capital returns from overseas subsidiaries; US$(5.8) million of pension costs; and US$(2.8) million of acquisition-related costs.

Underlying profit was US$1,009.7 million, up 18% (20% at constant currency), reflecting sales revenue growth and the investment in expanding the Pooling Solutions operations into less developed segments and geographies at the same time as delivering efficiencies. On a pro forma basis[3], Underlying profit was up 9% (11% at constant currency).

RETURN ON CAPITAL

Return on capital invested[5] was 16%, down 1 percentage point, reflecting the inclusion for a full year of US$1,003.8 million of goodwill and US$164.3 million of acquired identifiable intangible assets from the IFCO acquisition and increased growth capital expenditure.

INTEREST

Net finance costs were US$152.0 million, up 19% (22% at constant currency). The increased costs were mainly attributable to the funding costs for the IFCO acquisition.

TAX

Tax expense was US$212.3 million, up 1%. The effective tax rate on operating profit was 27%, compared with 31% the prior year. The decrease was principally a result of a reduction in non-deductible expenditure relating to the IFCO acquisition and integration, together with increased utilisation of prior year unrecognised tax losses. The effective tax rate on Underlying profit was 27%, compared with 28% in the prior year.

PROFIT AFTER TAX

Profit after tax was US$576.3 million, up 21% (23% at constant currency). Basic earnings per share were 38.9 US cents, up 18% (20% at constant currency).

CASH FLOW

Cash flow from operations, prior to Significant items, was US$591.2 million, down US$133.9 million. Higher profits were insufficient to offset fully a US$184.7 million increase in cash capital expenditure (primarily resulting from investment in growth programs), negative movements in working capital (primarily resulting from a reduction in creditors days in response to tough economic conditions for suppliers) and the impact on provisions of settlements of outstanding litigation in the Pallets segment.

DIVIDEND

	A¢ per share	Franking	Ex date	Record date	Payment date
Final	13.0	30%	17/09/12	21/09/12	11/10/12
Interim	13.0	20%	5/03/12	9/03/12	12/04/12

Brambles' Board has declared a final dividend per share of 13.0 Australian cents, the same as the previous final dividend. Total dividends for the year are unchanged at 26.0 Australian cents per share. Brambles paid an interim dividend of 13.0 Australian cents per share on 12 April 2012. The final dividend is 30% franked, up from 20% previously.

The unfranked component of the final dividend is conduit foreign income. Consequently, shareholders not resident in Australia will not pay Australian dividend withholding tax on this dividend.

The Dividend Reinvestment Plan remains suspended.

SEGMENT REVIEW

PALLETS

Sales

Sales revenue in the Pallets segment was US$3,743.9 million, up 13% (15% at constant currency), driven by a full 12 months' contribution from the IFCO Pallet Management Services (PMS) business in the USA, new business growth in particular in CHEP's operations in the Americas and expansion in the emerging markets regions.

On a pro forma basis, sales revenue in the Pallets segment was up 5% (6% at constant currency). Net new business wins in the Pallets segment were US$130 million, contributing pro forma constant currency sales revenue growth of 4%. Pricing and like-for-like sales volume increases contributed the remaining growth.

Combined sales revenue from the emerging markets regions (Asia, Central & Eastern Europe, Latin America and Middle East & Africa) of the Pallets segment was US$462.9 million, up 11 % (20% at constant currency), ahead of the company's forecast of at least 15% constant currency growth.

The net annualised value of new business Brambles secured in the Pallets segment during the year was US$228 million.

[3]Pro forma growth assumes Brambles owned businesses acquired since 1 July 2010 for all of the prior corresponding and reported periods. Pro forma Underlying profit growth is calculated by including the results of the IFCO RPC and PMS businesses in the prior corresponding period adjusted for the amortisation expense arising from acquired identifiable intangible assets.

[4]Brambles defines net new business wins as the change in sales revenue in the reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business wins is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis. Net new business wins are based on pro forma figures. Brambles defines net annualised new business as the implied sales revenue in 12 months from net new business won during the reporting period.

[5]Brambles defines return on capital invested as Underlying profit divided by Average capital invested.

Profit

Operating profit in the Pallets segment was US$691.4 million, up 6% (8% at constant currency) after Significant items of US$23.6 million. The operating profit margin was 18%, down 2 percentage points.

Underlying profit was US$715.0 million, up 9% (11% at constant currency). The Underlying profit margin was down 1 percentage point to 19%. Improvements in the Americas margin were insufficient to offset fully the impact of lower profitability in EMEA. On a pro forma basis, Underlying profit growth was 7% (9% at constant currency).

During the year, the Pallets segment delivered the first US$5 million of IFCO integration synergies and the first US$10 million of global Pallets segment efficiencies. Brambles has forecast US$35 million total IFCO integration synergies by the end of financial year 2014 and US$60 million global Pallets segment efficiencies by the end of financial year 2015.

Return on capital invested in the Pallets segment was unchanged at 19%, as a strong improvement in the Americas region offset the decline in EMEA profitability.

Cash flow

Cash flow from operations in Pallets was US$513.6 million, down US$78.9 million - despite higher profit and stable capital expenditure – as a result of adverse working capital movements and the impact of the settlement of outstanding litigation.

PALLETS – AMERICAS

US$M			Change	
	2012	2011	Actual FX	Constant FX
Sales revenue	2,041.3	1,654.8	23%	25%
Operating profit	346.4	275.6	26%	27%
Margin	*17%*	*17%*	-	-
Significant items:				
Restructuring	17.2	1.3		
Underlying profit	363.6	276.9	31%	33%
Margin	*18%*	*17%*	*1pp*	*1pp*
Cash flow from operations	272.3	272.6	(0.3)	
Return on capital invested	17%	15%	2pp	

Sales

Sales revenue in the Americas region of the Pallets segment was US$2,041.3 million, up 23% (25% at constant currency), as a result of strong new business growth in all business units plus a modest contribution from increases in like-for-likes volumes and pricing growth. On a pro forma basis, sales revenue was up 7% (7% at constant currency).

The impact during the period of net new business wins was US$79 million, contributing 4% constant currency sales revenue growth. Like-for-like volumes and pricing each contributed the rest of the constant currency sales revenue growth.

CHEP USA's sales revenue was US$1,166.8 million, up 5% (5% at constant currency), predominantly as a result of strong new business growth and targeted pricing initiatives.

CHEP Canada's sales revenue was US$256.7 million, up 13% (14% at constant currency), reflecting continued business growth and the contribution of Paramount Pallet, acquired in November 2011. CHEP Canada's pro forma sales revenue growth was 6% (6% at constant currency).

CHEP Latin America's sales revenue was US$232.2 million, up 10% (18% at constant currency), reflecting the continued expansion of CHEP's operations in this region.

IFCO PMS's sales revenue of US$366.8 million was up 9% (9% at constant currency) on a pro forma basis, primarily reflecting net new business wins.

LeanLogistics' sales revenue was US$19.0 million, up 14% (14% at constant currency), as it won new business in the USA and expanded in other countries.

Business wins

The net annualised value of new business secured during the period was US$134 million, with strong contributions from all business units, in particular CHEP USA. Key wins during the period for CHEP included PepsiCo in the USA and Brazil, Sunny Delight and Mott's in the USA, Coca-Cola in Canada, La Costeña in Mexico and Unilever in Chile. Business wins for IFCO PMS were also strong.

Profit

Operating profit, after Significant items of US$17.2 million, was US$346.4 million, up 26% (27% at constant currency). The operating profit margin was flat at 17%.

Underlying profit was US$363.6 million, up 31% (33% at constant currency). On a pro forma basis, Underlying profit growth was 25% (27% at constant currency). The Underlying profit margin was 18%, up 1 percentage point. Excluding IFCO PMS, the Underlying profit margin was 20%, up 3 percentage points.

Margin improvement reflected the delivery of US$32 million of efficiencies in the Better Everyday business improvement program in CHEP USA, and combined savings of US$15 million from the delivery of operations and logistics efficiencies and IFCO integration synergies. Total Better Everyday spending was US$53 million.

Return on capital invested was 17%, up 2 percentage points, despite a full year of additional goodwill from the acquisition of IFCO PMS, reflecting increased profit and capital efficiencies.

Cash flow

Cash flow from operations was US$272.3 million, down US$0.3 million, as higher profits offset increased capital expenditure and working capital.

PALLETS – EMEA

US$M			Change	
	2012	2011	Actual FX	Constant FX
Sales revenue	1,326.8	1,318.3	1%	4%
Operating profit	269.3	299.9	(10)%	(8)%
Margin	*20%*	*23%*	*(3)pp*	*(3)pp*
Significant items:				
Restructuring	(0.3)	2.7		
Pension costs	5.8			
Underlying profit	274.8	302.6	(9)%	(6)%
Margin	*21%*	*23%*	*(2)pp*	*(2)pp*
Cash flow from operations	215.4	259.1	(43.7)	
Return on capital invested	21%	24%	(3)pp	

Sales

Sales revenue in the EMEA region of the Pallets segment was US$1,326.8 million, up 1% (4% at constant currency) as new business wins, modest pricing growth and expansion in Central & Eastern Europe, Middle East & Africa and under-penetrated parts of Western Europe offset the impact of weak economic conditions in more established markets. Net new business wins of US$41 million contributed constant currency sales revenue growth of 3%, while pricing contributed 2% growth and like-for-like sales volumes had a negative impact of (1)%.

CHEP Western Europe sales revenue was US$1,137.4 million, down 1% (up 2% in constant currency), as a relatively resilient result in the UK & Ireland and France and continued expansion in the under-penetrated Mid Europe region (Germany, Italy, Benelux, Scandinavia and Austria & Switzerland) offset the impact of weak economic conditions in Iberia.

Within CHEP Western Europe:

- Mid Europe sales revenue was US$358.2 million, up 3% (6% at constant currency);
- UK & Ireland sales revenue was US$350.9 million, up 1% (1% at constant currency);
- Iberia sales revenue was US$258.8 million, down 6% (4% at constant currency; and
- France sales revenue was US$169.5 million, down 1% (up 2% at constant currency).

CHEP Middle East & Africa sales revenue was US$135.1 million, up 3% (14% at constant currency), as this region continued to deliver growth in pricing, like-for-like sales volumes and new business.

CHEP Central & Eastern Europe sales revenue was US$54.3 million, up 24% (37% at constant currency), reflecting continued expansion in the region, in particular in Turkey and Poland.

Business wins

The net annualised value of new business signed during the period was US$82 million. Key wins included: Kellogg's in Scandinavia; Colgate-Palmolive and Henkel in Turkey; Eckes Granini in Germany and Horizon Tissue in Estonia.

Profit

Operating profit was US$269.3 million, down 10% (8% at constant currency), after Significant items of US$5.5 million. The operating profit margin was 20%, down 3 percentage points.

Underlying profit was US$274.8 million, down 9% (6% at constant currency). The Underlying profit margin was 21%, down 2 percentage points.

The main drivers of the decline in profit were increases in inflationary pressures and quality spending, as well as business development costs in emerging markets. Operating margins remain lower in emerging markets than in more developed regions of Europe in which costs have not come down sufficiently to offset the impact of reduced sales growth. In the second half, the business made progress in delivering targeted efficiencies and overhead reductions to offset these margin pressures.

Return on capital invested was 21%, down 3 percentage points, as reductions in capital expenditure were unable to offset fully the impact of reduced profit.

Cash flow

Cash flow from operations was US$215.4 million, down US$43.7 million, primarily reflecting reduced Underlying profit.

PALLETS – ASIA-PACIFIC

US$M			Change	
	2012	**2011**	**Actual FX**	**Constant FX**
Sales revenue	375.8	340.0	11%	7%
Operating profit	75.7	74.1	2%	(3)%
Margin	*20%*	*22%*	*(2)pp*	*(2)pp*
Significant items:				
Restructuring	0.9	1.3		
Underlying profit	76.6	75.4	2%	(3)%
Margin	*20%*	*22%*	*(2)pp*	*(2)pp*
Cash flow from operations	25.9	60.8	(34.9)	
Return on capital invested	20%	23%	(3)pp	

Sales

Sales revenue in the Asia-Pacific region of the Pallets segment was US$375.8 million, up 11% (7% at constant currency), as Australia & New Zealand delivered a robust performance and new business growth continued throughout Asia.

Net new business wins contributed 3% constant currency sales revenue growth. Like-for-like sales volume increases and pricing initiatives contributed the remaining sales growth. The total contribution during the period of net new business wins was US$10 million.

Australia & New Zealand sales revenue was US$334.5 million, up 7% (4% at constant currency), primarily as a result of volume increases with existing customers in Australia.

Asia sales revenue was US$41.3 million, up 45% (46% at constant currency), reflecting sales growth with new and existing customers.

Business wins

The net annualised value of new business secured during the period was US$12 million. Key business wins included: F&N Foods in Malaysia; Swire Luohe, Annto Logistics and FM Logistics in China; and Knorr Bremse and Schenker in India.

Profit

Operating profit was US$75.7 million, up 2% (down 3% at constant currency), after Significant items of US$0.9 million. The operating profit margin was at 20%, down 2 percentage points.

Underlying profit was US$76.6 million, up 2% (down 3% at constant currency). The Underlying profit margin was 20%, down 2 percentage points.

The main drivers of the reduced margin was the continued investment in expansion in Asia, where margins are currently lower while CHEP expands its network to a more efficient scale, and the non-recurrence of insurance gains in Australia.

Return on capital invested was 20%, down 3 percentage points, reflecting increased capital investment to support growth.

Cash flow

Cash flow from operations was US$25.9 million, down US$34.9 million, reflecting higher capital expenditure in Asia and the impact in the first half of a court case in Australia.

RPCS

US$M			Change	
	2012	**2011**	**Actual FX**	**Constant FX**
Sales revenue	759.5	310.0	145%	149%
Operating profit	109.3	27.8	293%	301%
Margin	*14%*	*9%*	*5pp*	*5pp*
Significant items:				
IFCO integration	16.2	25.5		
Restructuring	-	0.5		
Underlying profit	125.5	53.8	133%	138%
Margin	*17%*	*17%*	-	-
Cash flow from operations	(40.8)	42.8	(83.6)	
Return on capital invested	9%	12%	(3)pp	

Sales
Sales revenue in the RPCs segment was US$759.5 million, up 145% (149% at constant currency), reflecting a full 12 months contribution from IFCO and sales growth in all regions. On a pro forma basis, sales revenue was up 13% (15% at constant currency), in line with management forecasts for constant currency growth of 15%. Sales volume increases with existing retail partners contributed 10% pro forma constant currency sales revenue growth while net new business wins contributed 4% and pricing and mix improvements contributed 1%. On a pro forma basis:

- Europe sales revenue was US$489.5 million, up 14% (16% at constant currency);
- North America sales revenue was US$138.3 million, up 16% (16% at constant currency); and
- South America sales revenue was US$24.1 million, up 13% (22% at constant currency).

The RPCs operations in Australia, New Zealand and South Africa delivered sales revenue of US$107.6 million, up 6% (6% at constant currency).

Business wins
The net annualised value of new business won during the period was US$42 million. Key contributors in the period included provision of services to the retail supply chains of Loblaw's in Canada, Vega in Italy, Waitrose and Asda in the UK and Systeme U in France, and a contract with Coolibah Herbs in Australia.

Profit
Operating profit was US$109.3 million, up 293% (301% at constant currency), after Significant items of US$16.2 million related to IFCO integration. The operating profit margin was 14%, up 5 percentage points, reflecting the high integration costs in the prior year. Underlying profit was U$125.5 million, up 133% (138% at constant currency), including US$19.3 million of costs from the amortisation of identified acquired intangible assets. On a pro forma basis, Underlying profit growth was 16% (19% at constant currency). The Underlying profit margin was 17%, the same as the prior year. The RPCs segment delivered US$5 million in integration synergies in Europe in the period, in line with management forecasts. Return on capital invested was 9%, down 3 percentage points, including a full year of goodwill attributable to IFCO's RPC business.

Cash flow
Cash flow from operations was US$(40.8) million, down US$83.6 million, primarily reflecting increased capital expenditure and working capital to support growth.

CONTAINERS

US$M			Change	
	2012	**2011**	**Actual FX**	**Constant FX**
Sales revenue	276.6	233.8	18%	20%
Operating profit	32.8	37.9	(13)%	(11)%
Margin	*12%*	*16%*	*(4)pp*	*(4)pp*
Underlying profit	32.8	37.9	(13)%	(11)%
Margin	*12%*	*16%*	*(4)pp*	*(4)pp*
Cash flow from operations	29.2	29.7	(0.5)	
Return on capital invested	14%	20%	(6)pp	

Sales
Sales revenue in the Containers segment was US$276.6 million, up 18% (20% at constant currency), reflecting the contribution of acquisitions, and a modest contribution from like-for-like sales volumes and net new business wins.

The total sales revenue of Brambles' new Containers operations in the Automotive and IBCs sectors in the USA and the global Aerospace Solutions business was US$57 million, up 167%, ahead of management forecasts that it would double on the prior year.

By industry segment, Containers' sales revenue was as follows:

- Automotive sales revenue was US$154.8 million, up 4% (6% at constant currency), as solid growth in Asia and Europe more than offset weakness in operating conditions in Australia and a slower than anticipated rate of growth in the USA;
- CHEP Catalyst & Chemical Containers (CCC) sales revenue was down 1% (flat at constant currency) at US$37.9 million, reflecting muted customer activity levels;
- Intermediate Bulk Containers (IBCs) sales revenue was US$43.1 million, up 28% (29% at constant currency), primarily reflecting new business wins in the CAPS business in the USA; and
- CHEP Aerospace Solutions sales revenue was US$40.8 million, up 219% (211% at constant currency), reflecting the impact of acquisitions.

On a pro forma basis, sales revenue in the Containers segment was up 4% (5% at constant currency).

Business wins
The net annualised value of new business won during the period was US$20 million, reflecting the strong rate of new sales growth in the second half of the year. Key drivers of the wins included expansion with white goods manufacturers in Turkey, expansion of the IBCs business in the USA and new contracts with United Airlines, Air Pacific, Air Cargo Japan, Qatar Airways and Jetstar in CHEP Aerospace Solutions.

Profit
Operating profit was US$32.8 million, down 13% (11% at constant currency), reflecting business development costs to support growth in the automotive and IBC operations in the USA and the global Aerospace Solutions operations. Underlying profit was the same as operating profit as there were no Significant items. The profit margin was 12%, down 4 percentage points.

Return on capital invested was 14%, down 6 percentage points, as a result of the lower profit, increased capital expenditure to support growth, and the impact of acquired goodwill.

Cash flow
Cash flow from operations was US$29.2 million, down US$0.5 million, reflecting the reduction in Underlying profit.

RECALL

US$M			Change	
	2012	2011	Actual FX	Constant FX
Sales revenue	845.0	815.3	4%	4%
Operating profit	160.1	145.8	10%	10%
Margin	*19%*	*18%*	*1pp*	*1pp*
Significant items:				
Restructuring	14.1	(0.5)		
Underlying profit	174.2	145.3	20%	19%
Margin	*21%*	*18%*	*3pp*	*2pp*
Cash flow from operations	131.6	92.6	39.0	
Return on capital invested	16%	14%	2pp	

Sales

Recall's sales revenue was US$845.0 million, up 4% (4% at constant currency), with net new business wins of US$24 million contributing 3% growth and like-for-like sales volume increases and pricing contributing a combined 1% growth. The net annualised value of new business was US$24 million.

Profit

Operating profit was US$160.1 million, up 10% (10% at constant currency), after US$(14.1) million of Significant items associated with restructuring. The operating profit margin was 19%, up 1 percentage point.

Underlying profit was US$174.2 million, up 20% (19% at constant currency) reflecting sales growth and efficiency improvements. The Underlying profit margin was 21%, up 3 percentage points. At 30 June 2011 foreign exchange rates, Underlying profit was US$182.1 million, within the guidance range previously provided.

Cash flow

Cash flow from operations was US$131.6 million, up US$39.0 million, reflecting profit growth.

ADDITIONAL FINANCIAL INFORMATION

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

US$M	2012	2011	Change
Pallets – Americas	282.9	266.5	(16.4)
Pallets – EMEA	233.5	282.7	49.2
Pallets - Asia-Pacific	84.9	84.4	(0.5)
Total Pallets	**601.3**	**633.6**	**32.3**
RPCs	227.2	69.7	(157.5)
Containers	48.4	36.7	(11.7)
Total Pooling Solutions	**876.9**	**740.0**	**(136.9)**
Recall	42.8	81.8	39.0
Brambles HQ	1.4	0.1	(1.3)
Total Brambles	**921.1**	**821.9**	**(99.2)**

Brambles' capital expenditure (accruals basis) was US$921.1 million, up US$99.2 million, reflecting increased investment in expanding the Pooling Solutions operations. Growth capital expenditure in RPCs, Containers and emerging markets Pallets was US$240 million, in line with the US$550 million program of investment in these areas over the 2012 and 2013 financial years.

CASH FLOW

US$M	2012	2011	Change
Underlying profit	1,009.7	857.2	152.5
Depreciation and amortisation	552.2	479.8	72.4
EBITDA	**1,561.9**	**1,337.0**	**224.9**
Capital expenditure	(949.4)	(764.7)	(184.7)
Proceeds from sale of PP&E	93.5	100.8	(7.3)
Working capital movement	(107.9)	(14.8)	(93.1)
Irrecoverable pooling equipment provision	100.1	104.9	(4.8)
Provisions/other	(107.0)	(38.1)	(68.9)
Cash flow from Continuing operations	**591.2**	**725.1**	**(133.9)**
Significant items from continuing operations	(37.2)	(30.4)	(6.8)
Cash flow from discontinued operations	(1.0)	(4.7)	3.7
Cash flow from operations (incl. Significant items)	**553.0**	**690.0**	**(137.0)**
Financing costs and tax	(373.5)	(386.7)	13.2
Free cash flow	**179.5**	**303.3**	**(123.8)**
Dividends paid	(397.7)	(224.0)	(173.7)
Free cash flow after dividends	**(218.2)**	**79.3**	**(297.5)**

Cash flow from Continuing operations was US$591.2 million, down US$133.9 million, reflecting increased capital expenditure to support growth in the Pooling Solutions segments and negative movements in working capital and provisions.

Free cash flow after dividends was US$(218.2) million, down US$297.5 million, reflecting the lower cash flow from operations and the suspension of the dividend reinvestment program.

BRAMBLES VALUE ADDED

US$M, fixed June 2011 FX	2012	2011	Change
Pallets – Americas	134.9	76.5	58.4
Pallets - EMEA	128.5	152.9	(24.4)
Pallets - Asia-Pacific	30.8	36.6	(5.8)
Total Pallets	**294.2**	**266.0**	**28.2**
RPCs	(41.8)	3.2	(45.0)
Containers	6.2	17.8	(11.6)
Total Pooling Solutions	**258.6**	**287.0**	**(28.4)**
Recall	45.5	23.5	22.0
Brambles HQ	(29.1)	(29.0)	(0.1)
Total Brambles	**275.0**	**281.5**	**(6.5)**

Brambles Value Added (BVA), the company's definition of economic profit, was US$275.0 million, down US$6.5 million. Improvements in the Pallets segment and Recall were insufficient to offset the impact of increased investment to support growth in the RPCs and Containers segment.

NET DEBT & KEY RATIOS

US$M	Jun 12	Jun 11	Change
Current debt	86.4	325.6	(239.2)
Non-current debt	2,777.7	2,811.7	(34.0)
Gross debt	**2,864.1**	**3,137.3**	**(273.2)**
Less cash	(174.2)	(138.5)	(35.7)
Net debt	**2,689.9**	**2,998.8**	**(308.9)**
KEY RATIOS (X)			
Net debt to EBITDA	1.7x	2.2x	
EBITDA interest cover	10.3x	10.5x	

Net debt was US$2,689.9 million at 30 June 2012, down US$308.9 million from 30 June 2011, as a result of the receipt in June 2012 of proceeds of A$332.8 million before costs from the institutional component of the A$448.1 million rights issue. The retail component of the rights issue raised A$115.3 million before costs and was received in July 2012.

The impact on net debt from the net US$(218.2) million negative free cash flow after dividends was offset by a positive translation effect from the stronger US dollar against Brambles' other borrowing currencies.

At 30 June 2012, Brambles had committed credit facilities including bonds and notes of US$4,008.8 million. The average term to maturity of committed credit facilities was 3.7 years. Undrawn committed facilities of US$1,223.1 million provide additional financial flexibility.

The ratio of net debt to EBITDA at 30 June 2012 was 1.7 times, compared with 2.2 times at 30 June 2011, reflecting the reduction in net debt from the rights issue. The ratio is in line with Brambles financial policy to target net debt to EBITDA of less than 1.75 times.

During the year, the Company maintained investment grade credit ratings of BBB+/Baa1.

CAPITAL STRUCTURE

Brambles manages its capital structure to maintain a solid investment grade credit rating. During the financial year ended 30 June 2012, Brambles held investment-grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

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

Brambles' financial policy is to target a net debt to EBITDA ratio of less than 1.75 times. The ratio at 30 June 2012 was 1.7 times.

In June 2012, Brambles announced its intention to raise additional equity of A$448 million through a fully underwritten, 1-for-20 pro rata accelerated renounceable entitlement offer. The purpose of the equity raising was to replace funds Brambles would have raised through the underwritten dividend reinvestment plan for the 2011 final and 2012 interim dividends, which formed part of the equity component of the original IFCO acquisition funding plan. The institutional portion of the rights offer raised A$332.8 million before costs and was received in June 2012. The net proceeds were used to retire bank borrowings drawn under various revolving credit facilities. The retail portion of the rights issue was received in July 2012 totalling A$115.3 million before costs.

TREASURY POLICIES

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

Brambles' policies with respect to interest and exchange rate risks and appropriate hedging instruments are described below. Further information is contained in Note 30 on pages 113 to 122 of this report, including a sensitivity analysis (pages 116 and 118) with respect to these financial instruments.

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

Treasury reports are circulated each month to the Chief Financial Officer and other senior finance executives. These reports include statistical analyses, details of funding utilisation and capacity, and commentary on other significant matters.

FUNDING AND LIQUIDITY

Brambles funded its operations during the 2012 financial year through equity issuance, retained cash flow and new borrowings. The Group generally sources debt funding from relationship banks and debt capital market investors on a medium-to-long-term basis.

Brambles enters into operating leases for office and operational locations and certain plant and equipment.

Bank borrowing facilities are generally structured on multi-currency, revolving bases and currently have maturities ranging to December 2016. Borrowings under the facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

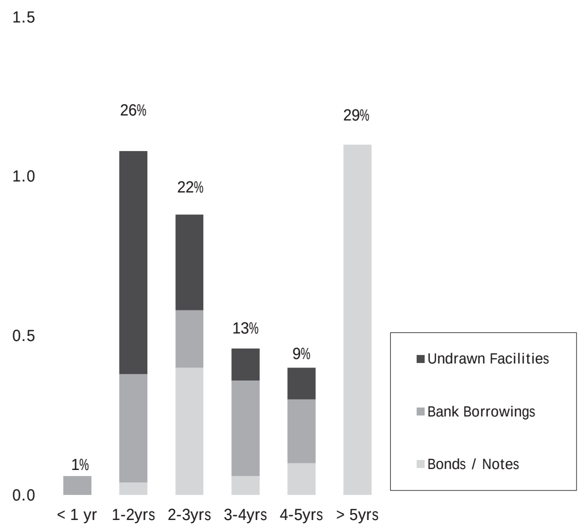
Net debt at 30 June 2012 was US$2.689.9 million, down US$308.9 million from 30 June 2011, reflecting the proceeds from the institutional portion of the rights issue.

Key financial ratios continue to reflect the Company's strong balance sheet position and remain well within the financial covenants included in Brambles' major financing agreements, with net debt to EBITDA at 1.7 times (2011: 2.2 times) and EBITDA interest cover at 10.2 times (2011: 10.4 times).

At 30 June 2012, Brambles had committed credit facilities including bonds and notes totalling US$4,008.8 million. Undrawn committed borrowing capacity totalled US$1,223.1 million. The average term to maturity of Brambles' committed credit facilities at 30 June 2012 was 3.7 years (2011: 4.1 years).

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

MATURITY PROFILE OF COMMITTED BORROWING FACILITIES AND OUTSTANDING BONDS (US$B)



% = percentage of total credit facilities

Brambles' liquidity policy requires, among other things, that no more than 25% of total committed credit facilities mature in any rolling 12-month period. At 30 June 2012, the one-to-two-year maturity period had maturities totalling 26% of total committed facilities, which was slightly higher than the 25% threshold level. The Group actively manages its maturity profile and expects to attain full compliance with the policy as it refinances credit facilities.

INTEREST RATE RISK

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

As at 30 June 2012, Brambles had 51% of its weighted average interest-bearing debt over the next 12 months at fixed interest rates (2011: 58%). Beyond 12 months, the proportion of fixed rate debt in the range one to two years was 47% (2011: 50%), 45% for two to three years (2011: 47%) and 39% for three to four years (2011: 45%) with a decreasing proportion for each year thereafter. The weighted average maturity period was 5.1 years (2011: 5.5 years). The fair value of all interest rate swap instruments was US$23.5 million net gain (2011: US$13.9 million net gain).

FOREIGN EXCHANGE RISK

Foreign exchange exposures are managed from a perspective of reducing volatility in the value of the foreign currency cash flows and assets of the business.

Exposures generally arise in either of two forms:

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

Under Brambles' foreign exchange policy, foreign exchange hedging is mainly confined to the hedging of transaction exposures where such exposures exceed a certain threshold, and as soon as a defined exposure arises. Within Brambles, exposures may arise with external parties or, alternatively, by way of cross-border intercompany transactions. Forward foreign exchange contracts are primarily used for these purposes. Given the nature of the Group's operations, these exposures are not significant.

Brambles mitigates translation exposures generally by raising debt in currencies where there are matching assets. During the Year Brambles maintained net investment hedge borrowings in euro of €350.5 million to match the euro-denominated assets. At the end of the financial year, the fair value of foreign exchange instruments was US$1.8 million net loss (2011: US$1.2 million net gain).

SIGNIFICANT RISKS & UNCERTAINTIES

Brambles has adopted a risk management framework which sets out the processes for the identification and management of risk throughout the Group. Full details of the objects of the framework and the strategies and processes applied to manage these risks are described in section 7 of the Corporate Governance Statement on pages 40 to 42.

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

Listed below are the top 10 net risks on the risk matrix for the Year. Investors should be aware that there are other risks associated with an investment in Brambles. Some of the principal factors that may, either individually or in combination, affect the future operating and financial performance of Brambles and the value of Brambles shares are set out in the Investor Presentation dated 4 June 2012, a copy of which can be found in the ASX Announcements section of the Brambles website.

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

SUSTAINABILITY REVIEW

Brambles believes it makes a positive contribution to sustainable business practices through its unique position in the supply chain. It is a global leader in responsible and sustainable pooling solutions in the industries it serves.

Brambles is committed to being a responsible and valuable partner in the supply chain and is focused on building a long-term sustainable business that serves its customers, employees and shareholders and the communities in which they live.

Brambles' success relies on its ability to optimise supply chain networks and make the most from the hundreds of millions of journeys its pallet, crate and container assets make each year.

Brambles has a unique ability to provide an efficient and expertly managed network that can reduce the distances travelled by its assets and is engaging with key stakeholders to build long-term resilience within its supply chains.

A low-cost business model that leverages global scale is fundamental to Brambles' growth strategy. Brambles is applying best-practice standards throughout its operations and logistics and is continuously vigilant in reducing asset losses, cycle times and damage. Fundamental to these efficiency efforts are the principles of reduce, reuse and recycle.

The repeated use of higher quality assets when compared to alternative disposable or limited-use platforms reduces material and energy requirements. Brambles retains ownership of its assets at all times, thereby ensuring that end of life management is controlled and recovery, re-use and recycling efforts can be maximised. The fundamental principles on which Brambles' business models are built are inherently sustainable.

The intent of Brambles' sustainability strategy and roadmap is to:

- demonstrate the inherent sustainability value that exists for Brambles and its stakeholders; and
- focus on areas in the supply chain where Brambles can improve its sustainability offering.

Brambles aims to integrate sustainability into the way it does business so it can continuously improve and develop more efficient, safer and environmentally sustainable supply chains.

BOUNDARIES

The Sustainability Review covers Brambles' CHEP and Recall sites for the financial year ended 30 June 2012 (the Year).

The review does not include information from recent acquisitions made in the last two years, with the exception of information provided from IFCO to identify key sustainability issues, participation in the Brambles Employee Survey (BES) and other specific issues detailed throughout the review. As integration of the recently acquired businesses into the new organisational structure of the three pooling solutions segments of Pallets, Reusable Plastic Crates (RPCs) and Containers continues, Brambles expects to collect data for all owned entities in its new online data collection system, iCARE, in FY13. The review does not include data from any service centre operated by a third party, with the following exceptions:

- an estimation of emissions associated with third-party operated service centres operated on CHEP's behalf and transportation associated with balancing its pallet pool; and
- CHEP's purchase of wood pallets in Europe from suppliers that use chain of custody certified lumber. In all other cases CHEP purchases the lumber used in the manufacturing and repair of CHEP pallets.

CRITERIA

Details about the measurement techniques and methodologies used in this Sustainability Review are either described herein or can be found on Brambles' website. The Sustainability Review has been prepared with reference to the G3.1 Global Reporting Initiative (GRI) reporting principles for delivering content and quality.

ASSURANCE

During the Year, Brambles engaged KPMG to provide limited assurance on Brambles' adherence to the GRI principles for defining content (being: materiality, stakeholder inclusiveness, sustainability context and completeness) and selected indicators, which include greenhouse gas emissions of pallets, lumber purchases subject to chain of custody and gender diversity[1]. The selected indicator data covered by KPMG's limited assurance opinion contained in the review are identified by an asterisk. KPMG issued an unmodified opinion on 27 August 2012. KPMG's statement of limited assurance can be found on Brambles' website.

KPMG will report key observations and recommendations on its findings to Brambles in the first quarter of FY13 for consideration by Brambles' Sustainability Committee, which is a management committee. Brambles has developed an assurance implementation plan that will increase its assurance coverage to include more indicators and the remaining parts of the Pallets segment (under the IFCO Pallet Management Services (PMS) and Paramount Pallet brands in the Americas region), the RPCs segment, the Containers segment and Recall over a three-year period. Key observations made during this period will inform and shape the assurance process as it progresses.

A description of the scope of this limited assurance is available on Brambles' website.

KEY ACTIVITIES DURING THE YEAR

In August 2011, Brambles announced it would focus on building its Pooling Solutions business under a new organisation structure with three segments: Pallets, RPCs and Containers. This took effect on 1 October 2011.

Brambles also announced in August 2011 it intended to divest the Recall information management business. On 4 June 2012, following an extensive process, Brambles announced that it would retain the business because offers from potential buyers did not reflect Recall's value or offer sufficient certainty amid challenging capital markets conditions.

Brambles also undertook the following activities:

- developed the assurance implementation plan outlined above;
- commissioned a new global Occupational Health & Safety and Environment reporting system (iCARE);
- updated the Roadmap: Five Year Plan (set out below); and
- reviewed sustainability targets.

BRAMBLES' SUSTAINABILITY STRATEGY

In 2010, Brambles announced its sustainability strategy and outlined its strategic objectives and initiatives over the five years to 2015. The strategy is available on Brambles' website.

ROADMAP: FIVE-YEAR PLAN

On the following pages are the targets Brambles has set for 2015 and beyond and commentary on progress during the Year. These targets are key drivers in Brambles' efforts to improve continuously and deliver more efficient, safer and environmentally sustainable supply chains.

[1] The limited assurance engagement consisted of KPMG making inquiries, primarily of persons who are responsible for Brambles' adherence to the GRI principles, for defining the content of this Sustainability Review and for the preparation of the selected indicators presented in this Sustainability Review, and applying analytical and other evidence gathering procedures to that information, as appropriate.

Customer — all things begin with the customer

Measure	Target	Commentary
Customer loyalty	Introduce Net Promoter Score (NPS) methodology into every country in which we operate Once baseline is established, achieve year-on-year improvements in NPS	Pallets EMEA and Americas have achieved improvements in satisfaction and customer participation scores and they are tracking in line with the Group's strategy. In the Pallets segment, CHEP has completed one survey cycle in every country, with the exception of China, which will commence later this year, and the recent acquisitions.
Customer engagement	Increased participation in relevant industry forums and customer advisory panels	Brambles has memberships with numerous industry forums and associations. The new CHEP.com website lists those associations and memberships.

Environment — working towards Zero Harm by reducing Brambles' environmental footprint

Measure	Target	Commentary
Lumber sourcing	Chain of custody certification for lumber purchased for CHEP pallets by 2015	During the Year, CHEP's Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) accreditation in Europe was expanded to include all European countries. Work plans and timelines for remaining countries are in place. Brambles is collaborating with the new global procurement function in the Pallets segment on this target (see page 18).
Greenhouse gas emissions	20% reduction on 2010 emission levels by 2015[2]	Greenhouse gas (GHG) emissions for the Group decreased by 15% from FY10 as energy efficiency programs begin to take effect (see page 19). Brambles will standardise reporting through iCARE (integrated compliance analysis and reporting environment), its new online data collection system, in FY13.
Lumber waste	Zero CHEP lumber waste to landfill by 2015	Data collection processes are in place to track waste and businesses are investigating avenues where lumber waste can be re-used (see page 22).
Solid waste	Year-on-year improvements in service centre recycling rates	Data collection processes are in place (see page 22); during the Year, Brambles worked with suppliers to improve the quality and accuracy of data. Brambles will standardise reporting in FY13.
Water management	Targets to be established once IFCO is fully integrated into Brambles	Brambles will collect FY12 and FY13 water data from IFCO and pre-existing businesses.

People — engaging our people and making sure they are safe

Measure	Target	Commentary
Diversity	Women to represent 30% of Brambles' Board and the Executive Leadership Team by 2015; management positions by 2018	Revised target. Progress has been made in pre-existing businesses. With the addition of recently acquired businesses, which have lower female populations, it is apparent that additional time will be needed to meet part of the target. The Board and ELT target will remain for 2015, with management positions extended to 2018 (see page 38 for breakdown by position).
Zero Harm	25% reduction in Brambles Injury Frequency Rate (BIFR) on 2012 adjusted levels (including recent acquisitions) by 2017	Updated target to include recently acquired businesses. While CHEP and Recall recorded a BIFR rate of 9.3 events per million hours worked, Brambles suffered two work-related fatalities for the Year; one in the CHEP Catalyst & Chemical Container (CCC) business and the other in Recall. Both occurred in the USA (see page 24).
Brambles Employee Survey (BES)	Participation rate at minimum of 90% by 2015	With an overall participation rate of 86% for the 2012 survey, which includes recently acquired businesses for the first time, the target of 90% that was met in the previous year will be maintained for 2015.
BES overall engagement score	Target of 73% by 2015	Updated target to include recently acquired businesses; an incremental increase of two percentage points per annum from the 2012 score of 67%, to 73% by 2015.
Education, Training & Development (ETD)	25% increase in ETD days on 2012 participation levels by 2015	Brambles reported a total of 32,415 training days in the Year. The target has been restated; the 25% increase will be based on the number of training days recorded in FY12.

[2] Based on existing businesses and sites that have reported data since 2010; new acquisitions not included, excluding those economies defined as emerging and developing by the International Monetary Fund; target based on internally-projected growth assumptions.

Community — making a positive contribution to the communities in which we operate

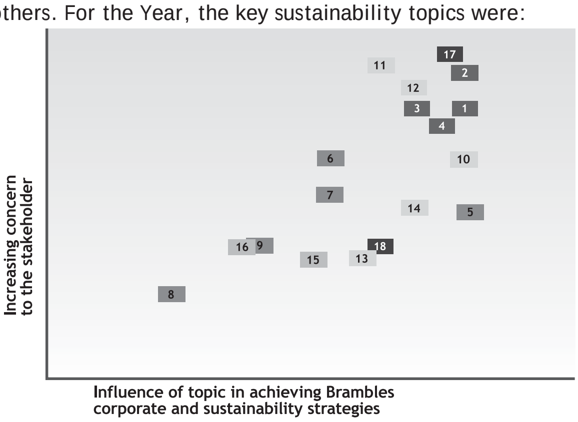
Measure	Target	Commentary
Supplier Policy	Develop and introduce a global policy and framework by the end of FY13	Restated target; in the second half of the Year, the Pallets segment appointed a head of global procurement to lead a team that is responsible for defining suppliers' standards and monitoring supplier performance. Brambles' supplier policy is currently being developed in consultation with this team, which will then be shared with the Group for input and review. The policy will be rolled out in FY13.
Introduction of "volunteer" time for employees	At least one volunteer hour per employee during working hours by 2015	For the Year, Brambles recorded 0.24 volunteer hours per employee.
Introduction of "give as you earn" policies	All businesses where legislation allows it by 2015	CHEP USA, through its CHEP Cares program, is the first business to introduce the policy. Roll-out of the policy across Brambles is due to commence in 2013.

KEY SUSTAINABILITY TOPICS IN THE YEAR

The key sustainability topics process enables Brambles to identify and prioritise issues raised by stakeholders that will impact on Brambles and its stakeholders.

The topics identified through this process are used to update and maintain targets and activities identified in Brambles five-year roadmap and monitor the relevance of its sustainability strategy. Brambles conducted its first formal analysis of sustainability topics it considers important to its stakeholders in FY11, using a third-party provider, with AccountAbility Principles Standards AA1000 five-part test as a guide.

Brambles has not undertaken any specific external stakeholder analysis in the Year to identify sustainability issues. It has identified and prioritised stakeholder issues through senior management, with reference to employee and customer engagement tools, amongst others. For the Year, the key sustainability topics were:



CUSTOMER

1 Customer satisfaction
2 Customer solutions
3 Product and service quality and safety
4 Customer privacy

ENVIRONMENT

5 Sustainable lumber sourcing
6 Emissions and energy
7 Waste management
8 Water
9 Transport impacts

PEOPLE

10 Employee engagement
11 Safety and wellbeing
12 Attracting and retaining talent: leadership
13 Diversity and inclusion
14 Training and development

COMMUNITY

15 Supplier sustainability
16 Community investment

GOVERNANCE

17 Governance
18 Mergers and acquisitions

A survey based on the 18 topics identified in FY11 was distributed to the segments and key functions responsible for engagement with customers, employees and shareholders to test completeness of the topics identified and prioritise them based on their interactions with and understanding of their key constituents.

The new organisation structure for the Pooling Solutions business (Pallets, RPCs and Containers) has resulted in some reordering of the key topics in comparison to the prior year. A notable movement in terms of increasing influence of the topic to Brambles' corporate strategies was community investment, which can be attributed to a growing understanding of an effective strategic investment program, such as IFCO's worldwide responsibility initiative.

Another notable movement was the topic of governance, with an emphasis on the importance of accountability and testing sustainability claims through third party assessment and assurance.

CUSTOMER

Brambles is focused on delivering efficient, lowest total cost supply solutions to our customers. One of Brambles' shared values is that all things begin with the customer.

CUSTOMER SOLUTIONS

By listening to customers and responding with innovative solutions, Brambles will enable its customers of today to be its customers of tomorrow. Brambles believes it makes a positive contribution to sustainable business practices and aims to integrate sustainability into the way it does business and the value proposition it offers.

In June 2012, CHEP in Europe and Unilever announced the successful completion of a pilot carbon neutral program in Spain. Through this program, Unilever is able to offset the annual carbon footprint of its CHEP pallet movements in Spain. Unilever chose to invest the internationally recognised VCS-certified[3] offset credits it generates through the program in a reforestation project in Tanzania. In the development of its carbon neutral service offering, CHEP in Europe applied recognised international standards and established partnerships with groups and organisations. Requirements included that the product's materials come from sustainable sources (for more information, see page 18); a robust measurement system that covers all service centres, subcontracted locations, offices and transportation functions; a comprehensive lifecycle analysis developed in partnership with an independent third party, carried out under ISO14040 standards and peer-reviewed; and a partnership with a recognised leader in the carbon credit industry. The program is now ready to be offered to other customers in Europe.

[3] The verified carbon standard is used to quantify a project's greenhouse gas emissions and issue credits in voluntary markets.

During the Year, CHEP USA's and CHEP EMEA's dedicated value solutions teams continued to provide industry best practices and processes on issues that matter most to customers. The teams work in partnership with the customer to evaluate objectively their supply chains and develop solutions based on Lean and Six Sigma methodologies that deliver lower financial and environmental costs across the supply chain.

For example, CHEP USA's customer solutions team analysed a food service distributor's supply chain to determine the effect of its use of one way pallets. The team was able to demonstrate the benefits that a pooled pallet solution could provide in cost savings, pallet procurement, platform management, transportation, material handling efficiency and product damage. The food service distributor is now looking to convert its customers from one way to pooled pallets.

CHEP's Innovation Center in Orlando, Florida is a world-class product testing and engineering facility. CHEP collaborates with customers to test their packaging, new products and technologies at the Innovation Center, which adds value and drives innovation and savings for customers. CHEP also runs a pallet test track facility that simulates the pallet life-cycle and allows CHEP to test innovations quickly and bring new platforms to market. Within the controlled environment of the test track CHEP can generate the same amount of data from a 5,000 pallet field trial with customers, using 90% fewer pallets.

In FY12, the Innovation Center:

– supported over 100 projects for internal and external customers;
– evaluated hundreds of customer unit loads for supply chain performance;
– tested 20 lumber species to determine their impact and strength characteristics; and
– bench-marked several automotive container suppliers and designs to support automotive asset procurement.

The test track facility examined three of CHEP's largest supply chains, which led to four major pallet test track programs that evaluated 17 platform options for several large markets. The programs addressed issues such as life-cycle, market needs, material sustainability and selection, design and repair operations.

IFCO collaborates with customers to identify RPC value opportunities and to develop packaging and supply chain improvements through innovative product design, operational efficiencies and better quality control. In FY12, this included RPC solutions for bananas, eggs and strawberries. For these large volume and highly perishable products, IFCO's innovation improved transport packaging performance from farm to retail.

Product innovation is a key focus for Recall, which holds regular global customer forums. One example is Recall's use of radio frequency identification (RFID) solutions to solve customer problems. Resolving filing issues as a result of human error could take months to fix manually in a large records centre. With RFID solutions, an error can be solved in minutes. In one instance of human error, two employees had RFID-tagged a carton on two separate occasions and then logged a slightly different description of the files. When the company tried to locate the files, they thought these were two unique records and were unable to access the specific documents they needed. However, since the company used RFID tagging with auditing capabilities, a search by date range enabled the error to be discovered and the files located. Without the use of this type of technology, finding these files would have been time consuming.

Further details about Brambles' innovation, research and development activities during the Year are set out in the Directors' Report — Other Information on page 66.

CUSTOMER SATISFACTION

Brambles' business units are focused on improving levels of customer satisfaction and making sure their products, services and customer relationships are a source of competitive advantage.

Brambles is committed to improving customers' experience of its products, services and people. To meet that commitment and to direct improvements, Brambles introduced the Net Promoter program in 2010. This program includes: Net Promoter Score (NPS) measurement; leadership practices that promote customer-centricity; organisational strategies to ensure the adoption and integration with core business processes of NPS; and the gearing of operational systems to identify improvements in customer experience.

Detailed questionnaires generate data about customers' views on processes and performance. This data is distilled into a single indicator, known as the NPS, which measures the weighting of people who use and recommend a company's services or products, compared with those who are unhappy. In 2012, Pallets EMEA and Americas have achieved improvements in satisfaction and customer participation scores, which are tracking in line with Group strategy.

The global rollout of relationship surveys for CHEP began in April 2011 and, to date, feedback from 5,000 individual contacts representing more than 1,500 companies has been collected through Brambles' annual customer survey, which measured performance in areas such as account management, ordering, delivery and audit and reconciliation. Following the implementation of the new Pooling Solutions organisation structure, Brambles will roll out NPS programs in the Containers segment in FY13. The program is providing Brambles a snapshot of customers' thoughts and the opportunity to respond quickly to operational issues.

For example, previous surveys of customers in CHEP USA indicated that pallet repair quality required further improvement. Through the Better Everyday program, CHEP introduced a higher pallet repair quality specification in the USA and committed to ISO9001:2008 Quality Certification, an international standard for quality management systems. Employee training in repairs is being provided, along with a certification program to ensure standardised inspection and repair processes. Process controls are being implemented to ensure every facility is routinely tracked and audited to control pallet repair quality. Brambles monitors these results to detect trends and identify improvement opportunities.

Customers have also said CHEP can do more to provide value-add services to better enable reductions in supply chain costs. CHEP is dedicated to becoming a more strategic partner for its customers (see Customer Solutions page 16).

Some examples of how CHEP acted on customer responses in the 2011 survey include:

– in one country, the survey indicated that some customers were having difficulty checking invoices. All customers who had expressed difficulty were provided examples on monitoring monthly invoices more easily and an action plan. As a result, the 2012 survey showed an NPS improvement on this measure from "neutral" to "satisfied".
– 30% of customers surveyed in another country said on-time collections were an issue, resulting in a "dissatisfied" rating. Processes were reviewed and improved and in 2012 the survey showed an improvement with the rating now "neutral".

Brambles also uses NPS to initiate specific reviews. In 2011, CHEP received questions on certain product attributes in one country. Customers were interviewed to gather more details and improvement projects were undertaken and monitored.
In the 2012 survey, the country improved in areas of question, from "dissatisfied" to "neutral".

Response to customer feedback is a high priority for IFCO, which monitors customer satisfaction through visit reports and internal complaint management. Complaints and customer feedback are documented and handled through IFCO's customer service, account management and transport departments. Recall has a strong, ongoing commitment to managing key satisfaction metrics through its Perfect Order program and security breach reports.

PRODUCT & SERVICE QUALITY & SAFETY

Brambles is committed to achieving Zero Harm and considers the health, safety and environment impacts in all its decisions: from the development of projects to the launch of new products and services. Brambles is committed to continuously improving the quality of its products and services.

Safety management systems operate at every CHEP service centre around the world. In addition, CHEP's Innovation Center assesses health and safety impacts of each product in development.

As a result of the new management and organisation structure, CHEP's Global Quality Council was replaced with a Global Quality team, which operates under the Global Operations function in the Pallets segment. The Quality team is responsible for setting product quality standards and audit conformance, translating customer needs into pallet quality standards and responding to customer complaints.

During the Year, the team conducted a detailed analysis of NPS responses and additional customer feedback on pallet quality to determine what the critical to quality (CTQ) aspects were in customers' processes. Interviews with customers in a variety of industries and size were conducted to get a better understanding of their feedback. The information was consolidated globally and the CTQ feedback prioritised.

The top two CTQ issues were identified and CHEP now organises regular visits with customers that report these issues to review the quality of outputs. The Global Quality team is now focusing on providing proactive processes to improve identified CTQ criteria for CHEP customers globally.

Global product rejection and complaints by customers decreased from 0.23% per issue in FY11 to 0.19% per issue in FY12. The Global Quality team will continue to work on improving pallet quality standards and measure and address customer satisfaction.

CHEP USA applies a Quality Management System (QMS) across its supply chain. The system includes standard operating procedures to certify and maintain the performance of all service centres, corrective action for any customer complaint or rejection and a pest control and cleanliness program to ensure all products are clean, dry, odourless and free of pests or hazardous chemicals. Following these procedures, customer product and service rejections have reduced 61% since 2009 to less than 0.2% of issues. As a result, CHEP USA began the process of achieving ISO9001:2008 certification in November 2011. CHEP USA expects to complete this process in FY13.

Recall assists customers in the safe management of their document storage requirements by clearly labelling its cartons with suggested weight restrictions and correct handling techniques, specific to the size of the carton (which varies from region to region) so that neither customers nor employees put themselves at risk from strain or injury of lifting heavy loads. Recall has stringent processes for employees managing inbound cartons (for example, correct manual handling techniques) to ensure adequate risk management.

IFCO has implemented a number of safety and quality management processes, including hazard analysis critical control points (HACCP) processes for food safety in all service centres globally, the American Institute of Bakery (AIB) certification for all North American service centres and the International Organization for Standardization (ISO) certification for 70% of its European service centres. This includes ISO 9001:2008, ISO22000:2005, ISO22001 and ISO14001:2004. IFCO will implement Brambles Zero Harm processes during FY13.

CHEP, Recall and IFCO are unable to assess fully the safety risk of customers using the company's products on the customers' own sites, because of the many variables involved. All businesses engage with customers and other organisations to promote health and safety and responsible packaging solutions.

CHEP's Total Pallet Management programs on customer premises are operated to CHEP Zero Harm standards.

CHEP's Innovation Center is a certified testing laboratory of the International Safe Transit Association (ISTA) and is capable of performing test methods included in ISTA's rigorous global packaging standards.

CUSTOMER PRIVACY

Recall establishes and adheres to stringent measures of physical and operational security to protect customers' information. It is committed to securely housing, retrieving and delivering customers' information when it is required.

Recall operates global standards in relation to the security, access and protection of the information it manages for customers. These standards are detailed on Brambles' website. All Recall sites are regularly measured and assessed for compliance with these standards.

An internal measurement system, known as security breach or security incident reporting, records any incident through which there is a possibility that a customer's information has gone outside of Recall's control. Any report of this nature is provided within one day to the regional Recall President, who then passes it on to Recall's Group President & Chief Operating Officer.

Breaches and incidents are reviewed during regular business and operational reviews with Recall's senior leadership team as a key performance metric and opportunity to implement corrective action processes across Recall. Information security is a core component of the foundation of the Recall business. All of the mechanisms listed ensure a higher quality service to customers.

In the event when Recall's security team determines that a breach has occurred, it alerts the affected customer and works cooperatively to resolve the matter (including a root-cause analysis of the breach and corrective action plans) to the customer's satisfaction. Recall continues to make key investments in information technology and systems.

ENVIRONMENT

Through innovative logistics and operations networks Brambles minimises its environmental footprint in relation to the use of resources, emissions and waste.

SUSTAINABLE LUMBER SOURCING

Brambles is committed to achieving Zero Harm and considers environmental impacts in all decisions, including the sourcing of lumber. CHEP has strict lumber sourcing policies and has a target of achieving chain of custody certification for purchased lumber for pallets by 2015, which will provide further assurance of responsible and sustainable practices.

Volume of lumber (m^3) for the Year

	2012
Pallets Americas	880,288
Pallets EMEA	582,808
Pallets Asia-Pacific	181,637
Total	**1,644,733**

Brambles' sustainability strategy specifically addresses responsible management of forest resources for Brambles, its suppliers, customers and the wider community. Brambles engages with its suppliers to assess whether their practices are in line with Brambles' environmental principles and acts accordingly to help those suppliers meet Brambles' requirements and standards. CHEP maintains strict lumber sourcing policies that support the replenishment of natural resources by sourcing lumber in a responsible and sustainable manner. CHEP does not source from protected areas, parks or similar areas in which harvesting operations do not promote responsible forestry management.

Under the new organisation structure for the Pooling Solutions business, the sourcing of lumber will be controlled centrally by the Pallets segment through the newly created global procurement team, which is part of the Global Operations function.

During the Year, 94% of CHEP's lumber came from certified sources, up from 91% the previous year. The rise was due to Europe increasing certification levels and Latin America purchasing from more certified sources.

In the USA, CHEP is increasing its sourcing of lumber from domestic suppliers. While sourcing this lumber in the USA at favourable prices supports the local economy and reduces the environmental footprint with regards to transport costs and emissions, finding suitable supplies of chain of custody lumber is challenging as there is currently low demand. As CHEP USA works towards the target of chain of custody certification, it is partnering with its suppliers to secure existing sources and develop new sources of chain of custody lumber. Preference will be given to suppliers that can meet its criteria for the responsible and sustainable management of forest resources. In FY11, CHEP in Europe achieved PEFC and FSC chain of custody certification for 100% of the lumber used in pallet repair activities and 96% of lumber used in new pallets, which provides assurance that the lumber used originates from sustainable sources. In Europe all pallet suppliers are subject to an approval process and are required to purchase either FSC or PEFC certified chain of custody lumber.

During the Year, CHEP Europe commissioned a comprehensive life-cycle analysis/assessment comparing its lumber pallet pooling system with the use of non-pooled pallets. This was developed in partnership with an independent third party, carried out under ISO14040 standards and reviewed. The study considered lumber sourcing, construction and maintenance, transportation and recycling. CHEP Europe updated its environmental calculator with the results of the assessment.

In FY10, CHEP achieved FSC accreditation for its wholly-owned tree plantations in South Africa. During the Year, CHEP MEA worked with 13 suppliers in the region to improve its chain of custody certification process.

In FY12, 471,060* cubic metres of chain of custody lumber was purchase by CHEP in the form of lumber boards or finished pallets, representing 28% of all lumber procured by CHEP during the Year. All CHEP regions have now approved and submitted plans to work towards the Brambles target of 100% chain of custody certification for purchased lumber by 2015. These plans will be provided to KPMG, who will provide an independent assessment of CHEP's progress, which will be reported by Brambles in future Annual Reports.

CHEP has identified 58 species of tree that are in or could be in its lumber supply as per the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. None of these species are defined as "endangered", "critically endangered", "extinct in the wild", or "extinct". Of the 58 species identified, two are classified as "near threatened" and one as "vulnerable".

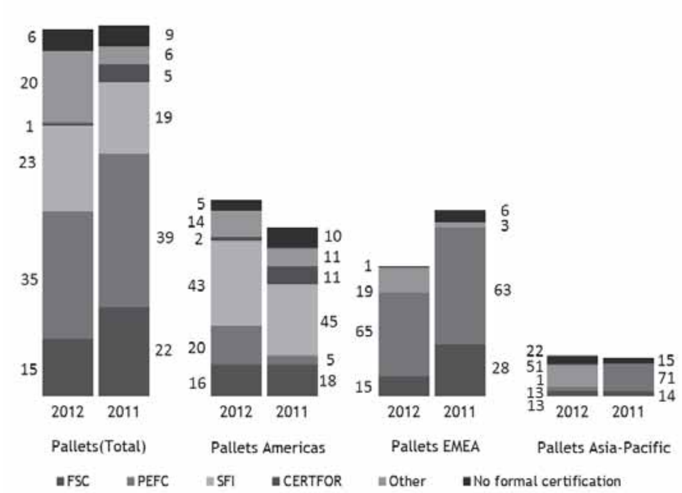
The possible inclusion of Longleaf Pine (classified as "vulnerable") in CHEP USA's lumber supply was identified in 2009, and the possible inclusion of Virginia Pine and Sand Pine (both classified as "near threatened") was identified in 2010. USA lumber suppliers do not always disclose the exact sub-specie of pine being supplied.

CHEP USA is committed to working closely with its suppliers and continuing current supply chain auditing practices to better understand and minimise the potential use of Longleaf Pine, Virginia Pine and Sand Pine.

CHEP USA's activities during the Year included:

– declining lumber offers from suppliers when use of these sub-species is known; and
– partnering with the National Forest Foundation (NFF) to fund the planting of Ponderosa Pine and Western Larch in an area of the Nez-Perce National Forest that had been subjected to a bad wildfire in 2007. The NFF also supports projects that replant Longleaf Pine.

Lumber volume by forest source certification & segment (%)



In Malaysia, CHEP Asia appointed a procurement manager during the Year and made good progress in raising awareness of sustainable lumber sourcing within CHEP's Malaysian lumber supply base. All Malaysian suppliers source 100% of CHEP lumber from state forests with government transit documentation to ensure all lumber is tracked, species-checked and verified that it was legally harvested.

EMISSIONS & ENERGY

Brambles is committed to achieving Zero Harm. It considers the environment in all decisions concerning the development of projects, the selection of commercial partners and suppliers and the launch of new products and services. Brambles is committed to using resources more efficiently and encouraging the sustainable use of its products and services.

Brambles recorded a decline in Scope 1 and Scope 2 greenhouse gas (GHG) emissions and energy use for the Year.[4]

While Brambles has a relatively light Scope 1 and 2 GHG emissions footprint, the growing interest among customers to understand the total cost of their supply chains has presented an opportunity to develop better and more accurate ways to measure emissions and energy (Scope 1, 2 and 3) that will demonstrate the environmental benefits of its product and service offerings. Brambles is also developing iCARE, a new online data collection system. All Pooling Solutions segments and Recall will begin to use the new system in FY13.

[4] Scope 1 emissions come from direct purchases of fuel, for company owned transport or heating. Scope 2 emissions are indirect purchases of energy, like electricity. Scope 3 emissions are generated by a third party, e.g. a transport company carrying a company's freight.

* Figure assured by KPMG.

In FY11, Brambles reviewed its operations to determine the main contributors to its Scope 3 emissions, namely:

- supplier emissions — for leased and outsourced sites and subcontracted transport carriers;
- purchased goods — harvesting of lumber purchased from suppliers and other purchased goods and services, such as paper and cardboard;
- capital goods — particularly CHEP pallets and containers;
- business travel — employee travel for business purposes; and
- employee commuting.

CHEP has an extensive network of service centres and outsources many to third-party providers. This provides CHEP with a great deal of flexibility to adjust its network to meet changing customer needs or to reduce or optimise transport costs.

During the Year, for the first time, the Pallet segment (CHEP only, excluding IFCO PMS and Paramount Pallet) assessed the two largest third-party or supplier activities that generate greenhouse emissions on CHEP's behalf, to provide an overall picture of CHEP's environmental footprint.

They are:

- subcontracted transport carriers that move CHEP's pallets through its network; and
- leased and outsourced service centre sites that inspect and repair CHEP's pallets.

A specific module for CO2-e[5] measurement of subcontracted transport carriers was developed with LeanLogistics and implemented in Europe and the USA. This system allows CHEP to estimate a baseline to measure the impact of its collaborative transportation, route and network optimisation, and Total Pallet Management initiatives (see Transport Impacts on page 21).

The module will be rolled out globally and will also be available to LeanLogistics customers. The Scope 3 transportation emissions in regions other than Europe has been estimated through distance measurement where available (Americas, Australia, MEA) and through the quantity of product delivered (Asia).

CHEP used its data on pallet conditioning in its own service centres to estimate energy consumption in leased and outsourced service centres. This data was then extrapolated to the network of subcontracted service centres, while applying country specific grid emissions factors.

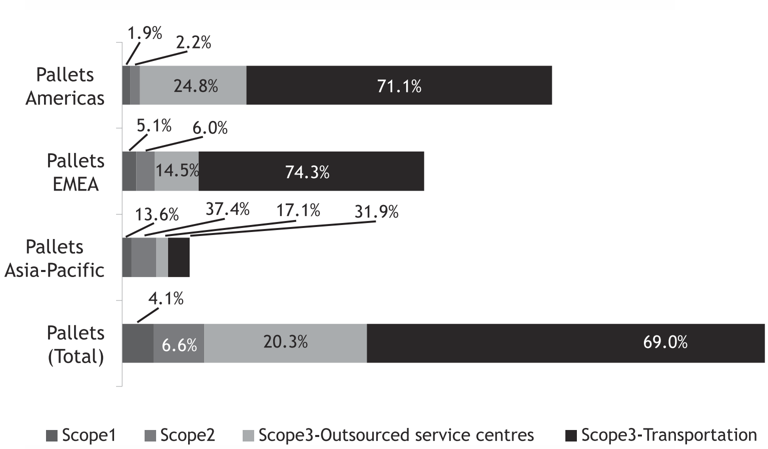
The graph at the top of the page represents the fundamental CO2-e footprint of each Pallet region and their combined total.

The Pallets segment's combined Scope 1 and 2 CO2-e emissions decreased 6% in FY12 from FY11. This reduction can be attributed to a number of activities in Europe and the Americas. In the Asia-Pacific, Australian and New Zealand reduction activities offset the expansion of CHEP businesses in India and China.

Recall also recorded a reduction in CO2-e emissions of 9% from FY11, which can be attributed to in part, improved routing in all service lines and the installation of motion-sensored and energy efficient lighting in all new facilities and those being refurbished.

As part of Pallets EMEA's Greenhouse gas reduction plan, CHEP Spain has installed a biomass boiler in its Belpuig service centre, which is expected to cut the site's emissions by 36%. More examples of emission and energy saving activities can be viewed in the Sustainability section on CHEP's website.

Pallets (CHEP) FY12 CO2-e footprint estimate including Scope 3[6]



In the UK, CHEP's reduction efforts were recognised by being awarded the Carbon Trust Standard for measuring, managing and reducing its carbon emissions by 7.6% in the last three years.

The Carbon Trust Standard recognises organisations for real carbon reduction. Based on a rigorous, independent assessment, it certifies that organisations have measured, managed and reduced their carbon emissions across their own operations, and are committed to reducing them year on year. CHEP UK achieved the award through a comprehensive range of carbon reduction initiatives implemented as part of its company-wide sustainability program, including:

- training of employees on energy waste reduction, which has resulting in behavioural changes in the workplace;
- the optimisation of the compressed air system used in all sites and the elimination of air leaks (see page 21);
- monitoring energy consumption on a weekly basis to identify power and natural gas wastage. This involves measuring CO2-e generation for each pallet processed in CHEP service centres;
- management of CHEP UK's company car policy, including enforcing a limit on emissions of 140 grams of CO2-e per kilometre for new vehicles (the EU automotive fuel economy target); and
- changing office and plant facility lighting to more efficient technologies.

CHEP UK & Ireland implemented a comprehensive Environmental Management System (EMS) in FY12 and a team of dedicated energy administrators has been put in place as part of this approach. The EMS is being rolled out to the rest of Europe, with dedicated energy administrators in place in all European sites. The continued commitment and support of these energy administrators is key to reducing CO2-e emissions across these sites.

CHEP USA is an ENERGY STAR®[7] partner and is focused on analysing and reducing its corporate environmental footprint through targeted energy saving projects. CHEP USA continues to replace out-dated, energy inefficient lighting with energy efficient T5 Fluorescent lighting in 26 service centres. This project is estimated to reduce annual energy consumption by 4.7 million kWh, equivalent to a reduction of 3,800 tons of CO2-e. CHEP will also realise an operating cost reduction benefit of over US$400,000 annually.

[5] Carbon dioxide equivalent (CO2-e) is the universal unit of measurement to indicate the full global warming potential (GWP) of a particular greenhouse gas emission. It takes into account the GWP of each of the six Kyoto greenhouse gases, and expresses them in terms of the equivalent units of carbon dioxide. It is used for measuring and reporting different emissions sources on a common basis. At the corporate level, CO2-e is typically reported in kilotonnes (kt).

[6] Includes sites that handle and condition CHEP RPCs and Containers. Retained to provide like-for-like comparatives to CHEP's reported energy and emissions in FY11. In FY13 sites will be extracted and included in RPCs and Containers segments when iCARE is rolled out.

[7] A joint program of the US environmental protection agency and US department of energy helping consumers and businesses to adopt energy efficient products and practices.

Brambles' global GHG emissions during the Year[8]

	Brambles HQ		Recall		Pallets		Total	
	kt CO2-e	TJ	kt CO2-e	TJ	kt CO2-e	TJ	kt CO2-e	TJ
Scope 1	-	-	30.34	-	24.72*	-	55.06	-
	-	-	-	462.33	-	406.87	-	869.20
Scope 2	0.12	-	32.13	-	39.98*	-	72.23	-
	-	0.51	-	242.08	-	246.49	-	489.08
Total	**0.12**	**-**	**62.47**	**-**	**64.70***	**-**	**127.29**	**-**
	-	**0.51**	**-**	**704.41**	**-**	**653.36**	**-**	**1,358.28**

Air compressors that run the machinery used to sort, repair and paint pallets are one of the largest consumers of energy in USA service centres. Almost 15% to 20% of a compressor's capacity may be wasted due to air leaks. In FY12, CHEP worked to identify air leaks and develop corrective action plans. This saves energy and improves overall operational effectiveness.

Air compressor leakage was also a target area for CHEP UK & Ireland. Every site in the UK has reduced its compressed air leaks during the Year, saving approximately 250 tonnes of CO2-e emissions. The next stage of the project in the UK was to optimise the network and install new compressors where necessary, with an expected further reduction of approximately 840 tonnes of CO2-e emissions annually.

In Canada, CHEP is installing efficient ink-jet stencil equipment with quick drying ink in most service centres. The removal of gas powered radiant heat tunnels from the previous stamp pad technology will use significantly less energy.

	Kilotonnes (kt) of CO2-e			Terajoules (TJ) of energy		
	2012	2011	%	2012	2011	%
Pallets Americas[9]	13.31	14.90	(11)	173.72	184.81	(6)
Pallets EMEA	25.49	27.81	(8)	280.50	303.57	(8)
Pallets Asia-Pacific	25.90	26.38	(1)	199.14	200.07	-
Pallets (Total)	64.70*	69.09	(6)	653.36	688.45	(5)
Recall	62.47	68.78	(9)	704.41	752.92	(6)
Brambles HQ	0.12	0.12	-	0.51	0.49	4
Total	127.29	137.99	(8)	1,358.28	1,441.86	(6)

Additionally, new T5 fluorescent lighting was installed in some of the Canadian service centres, with a significant reduction in energy use when compared to the previous metal halide lighting. The remaining service centres are scheduled to be refit with T5 lighting during 2012.

CHEP Australia achieved a 2.2% reduction on the 2010 baseline, a total of 516 tonnes of CO2-e and conducted seven energy audits across its network to identify more energy efficiency opportunities. CHEP Australia was recognised by the New South Wales State Government's Sustainability Advantage program for its commitment to sustainability, including these energy efficiency initiatives.

Recall in North America has worked with its fleet leasing company to study its fuel economy and as a result, it will use more fuel efficient vehicles that, for some of Recall's DMS and DPS locations, could reduce fuel consumption by 50%.

Recall is also encouraging the use of its DMS digital service to scan and send an electronic image of a document or documents, rather than physically sending the document or carton to a customer.

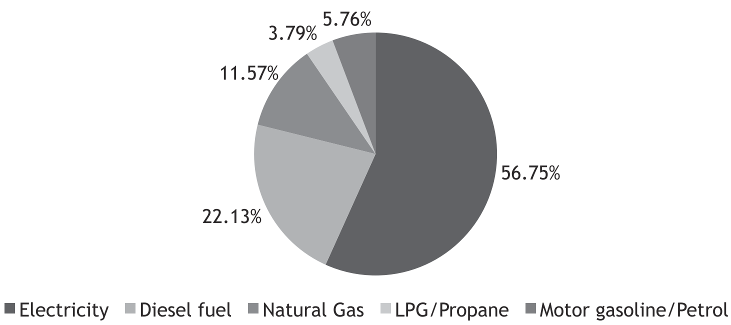
[8] Excludes RPC and Containers segments, as well as very small CHEP pallet sites and offices.

[9] Excludes IFCO PMS and Paramount Pallet.

* Figure assured by KPMG.

In RPCs, IFCO replaced all conventional blow-dryers in the USA with centrifugal dryers, reducing electricity consumption by more than three million kWh. In Europe, IFCO replaced 75% of its conventional blow-dryers with centrifugal dryers. It expects to replace the remaining 25% within the next two years. All IFCO sites in South America will have centrifugal dryers within four years. In FY13, IFCO will investigate the use of micro heat/power plants for service centres in Europe, beginning with the installation of a block heat and power station in Germany.

Brambles greenhouse gas generation by source in the Year (%)



COMPLIANCE

In Australia, Brambles and its CHEP and Recall operations were required to report their FY11 greenhouse gas emissions under the Australian Government's National Greenhouse & Energy Reporting System (NGERS) as its energy usage was above the reporting threshold of 200 terajoules of energy.

In the UK, the Carbon Reduction Commitment Energy Efficiency Scheme legislation came into force in April 2010. Brambles UK registered and submitted its footprint report to the UK Environment Agency in July 2011 and 2012. This Year, Brambles was required to purchase allowances for the tonnes of CO-2-e it generated.

TRANSPORT IMPACTS

Brambles works to reduce its environmental footprint by using its logistics knowhow to minimise the footprint of its customers and the supply chain through network optimisation, which reduces transport distances and associated emissions.

CHEP's Total Pallet Management program, available to major manufacturers and retailers, allows CHEP to manage all of a customer's pallet needs onsite and supply CHEP pallets without the need for additional transport. Customers' use of Total Pallet Management helps optimise the network and reduces the energy requirements associated with the pallet pool. Network optimisation focuses on the number and location of service centres based on sourcing requirements and locations, location of manufacturers, transport costs and plant capacity.

In the RPCs segment, the CHEP and IFCO service centre networks were consolidated in Europe during FY12. This also involved amalgamating service centres by closing some down where they were located close together.

IFCO monitors and analyses its service centre network to reduce the transportation distance per round trip. For example, during the Year, IFCO optimised its network in the USA by adding a new service centre in Portland, Oregon, reducing the annual overall transportation distance by 1.3 million kilometres annually, leading to a reduction of 836 tonnes of CO2-e emissions.

IFCO analyses the impact of its RPCs using an environmental calculator for fruit and vegetable transport based on the results of a life-cycle analysis/assessment (LCA) on packaging systems in 2007 (updated in 2009). The assessment was commissioned by SIM, an independent foundation that promotes the use of environmentally friendly packaging, and carried out by the Department Life Cycle Engineering (GaBi) at the University of Stuttgart and PE International. Applying this calculator to the RPC usage of IFCO's customers in Europe demonstrates emission savings for FY12 of 21,863 tonnes of CO2-e.

CHEP and LeanLogistics are both Environmental Protection Agency (EPA) SmartWay partners in the USA. SmartWay is a collaboration between the US EPA and the freight transportation industry that helps freight shippers, carriers and logistics companies improve fuel efficiency and save money. CHEP has joined the Green Freight Europe (formerly called the SmartWay Europe Initiative) to participate in the development of a standard recognised methodology for transport emissions measurement and reduction in Europe.

In the USA, CHEP's GreenLanes™ program helps customers increase productivity and eliminate unnecessary empty return truck trips by working with third-party transport companies to fill empty space on customers' trucks, or that of a transportation provider. Since FY11, CHEP USA has collaborated with customers on more than 11,000 individual movements through GreenLanes, resulting in the elimination of an estimated 6.7 million kilometres of transportation and production of 2.9 million kilograms of CO2-e emissions.

The CHEP USA pallet business is seasonal, which drives the need for temporary pallet storage during certain times of the year. During the 2011-12 Northern Hemisphere winter, CHEP USA sent 240,000 pallets to temporary storage under a new customer storage program. This program reimburses the customer for storing pallets on-site using seasonally available space and eliminates additional pallet handling and transportation to and from third party storage locations. The program generates revenue for customers and savings for CHEP, by eliminating over 250,000 truck-miles and reducing pallet handling and damage.

CHEP continued the rollout of its transportation collaboration program in Europe and now has 25 customers participating. The program allows participants to benefit from logistics synergies by reducing empty miles and associated costs, increasing shared transportation or moving to using different transport solutions such as rail and road. This equates to the elimination of approximately 1.6 million kilometres of empty load trips per annum and the reduction of 1,600 tonnes of CO2-e emissions.

Since 2008, CHEP in Europe has been working on multimodal (train, sea and road) solutions to reduce CHEP's dependence on roads for moving its pallets. For the Year, CHEP's use of rail, when compared to moving pallets by road, saved the equivalent of 9,800 tonnes of CO2-e emissions and a total of 15.3 million kilometres in road trips.

Recall is also optimising its transport operations to deliver the most efficient, error-free solutions to customers. This results in a reduced number of vehicle trips and reduced energy expenditure. Additionally, Recall's Image on Request solution for urgent deliveries transmits documents digitally to a customer rather than transporting an entire physical carton. This delivers the same net result to the customer for less carbon expenditure.

WASTE MANAGEMENT

Brambles is committed to using resources more efficiently and minimising waste. CHEP's pallet pooling system operates on the principles of reduce, reuse and recycle. Brambles is committed to improving its performance continuously to meet customers' and stakeholders' sustainability expectations.

CHEP and Recall have processes to collect data on waste streams and have committed to improving their recycling rates each year.

CHEP manages all waste streams related to pallet pooling activities including lumber, corrugate, steel and plastic. When CHEP repairs its pallets, lumber that is in good condition is reused to repair other pallets.

LUMBER WASTE & RECYCLING

Compared with disposable pallets, pallet pooling significantly reduces the use of lumber resources and waste.

Unlike CHEP's pallet pooling system, many other types of lumber pallets (without a clear system of ownership and accountability) end up in landfill. By maintaining ownership of its assets and enforcing a system of controls, CHEP can maximise its ability to reuse or recycle materials at the end of the pallets' useful lives.

CHEP reclaimed at least 50,170 cubic metres of lumber for use in the repair and manufacture of pallets.

In line with its target of zero lumber waste to landfill by 2015, CHEP is implementing a number of programs. For example, CHEP USA performed waste stream optimisation in FY12, which improves the recycling of lumber waste. Over 80% of CHEP USA's lumber waste is now recycled and used in various products such as heating fuel and energy production.

In Europe, lumber reclaiming has been improved in sites to include up to 23 usable elements per pallet. CHEP is continuously improving its timber reclaim capability with network projects to look at better technologies to dismantle pallets efficiently.

In Australia, lumber cut-offs and lumber from damaged pallets are reused at CHEP service centres. Sound lumber boards are removed from damaged pallets and used for repair work; around 85% of this "waste" lumber is used for repairs or to manufacture new CHEP pallets, which means less raw lumber is required.

Lower quality scrap lumber not suitable for repair is mulched and used for landscaping, garden projects, making compost or energy generation. For example, a steam-driven engineering company in Australia uses CHEP lumber mulch to help power their operations.

CHEP is actively seeking alternative uses for lumber mulch through two Australian state government initiatives; New South Wales' Sustainability Advantage and Queensland's EcoBiz.

OTHER WASTE & RECYCLING

Where possible in office locations, segregation and recycling programs are in place for recyclable items such as paper, bottles, cans, newspapers, magazines and ink cartridges. CHEP complies with local and federal regulations pertaining to waste handling, recycling, storage and disposal.

General solid waste (for example office/sanitation) is handled by local solid waste management or recycling facilities. Universal waste and used oil (both generated in limited quantities) as well as cardboard, plastic and metals are generally reused or recycled where facilities are available.

CHEP USA's waste stream optimisation in FY12 meant that approximately 80% of CHEP's corrugate and metal wastes were diverted from landfill.

In Europe, CHEP's Belpuig service centre changed waste providers to expand its plastic recycling to include plastic layers, banding and film. This increases plastic recycling by 54 tonnes a year.

CHEP Australia increased general recycling (plastic and cardboard) by 4%, a total of 108 less tonnes of waste to landfill, and expanded recycling in its Head Office to include lunchroom plastics and cardboard.

IFCO recycles 100% of its RPCs. IFCO regrinds all damaged containers and reprocesses the granulate for use in new RPCs.

During the Year, Recall collected, shredded and sent for recycling more than 168,000 tonnes of paper.

Recall assists its customers in managing their physical and digital documents throughout their life cycle, from creation to secure destruction. Recall believes that it benefits the environment by assisting customers to reduce material usage by providing space- and paper-efficient document archival and retrieval solutions. All the material used in the production of Recall's cartons is recyclable.

During the Year, Brambles began collecting data on solid waste streams and has committed to improving its recycling rates on an annual basis.

CHEP Catalyst & Chemical Containers (CCC) provides packaging systems, on-site management and logistics support for the storage and shipment of catalysts used in the petroleum refining, gas processing and petrochemicals manufacturing industries.

In FY12, CCC handled hazardous wastes on behalf of its customers, including solid NOS (chlorine, sulphur), a class 9 waste, resulting from cleaning residue from its intermediate bulk container catalyst bins used in the packaging of petrochemical refining products. CCC uses a third party to dispose of its hazardous waste, where it is used as a fuel source, replacing coal and natural gas in cement kilns. This is a safe and effective method of recovering energy from waste and conserving natural resources. Waste is normally processed and destroyed within five to six days of receipt, confirmed by a certificate of disposal. The empty metal containers used to transport the waste are processed through container decontamination, with a certificate of recycling issued to CCC for the containers or volume of metal recycled.

CCC is considered a large quantity generator and reports waste summaries to relevant environmental departments as required.

Brambles had no significant spills during the Year.

WATER

Brambles recognises that water is a precious resource and in many areas of its operations water supply is crucial for the environment and the community. Brambles believes it has a responsibility to use water wisely. CHEP and Recall have processes to collect data on water usage and waste.

The RPC segment is the largest user of water in the Group. In the USA and Europe, IFCO has installed centrifugal dryers, which use high-speed rotation to pump final rinse-water back to the washing line for reuse (see Emissions & Energy page 19).

In Europe and South America, currently up to 50,000 cubic metres of water can be collected with the centrifuges, saving up to 50% of rinse-water. In addition, in the USA, Europe and South America, IFCO implements other water recycling devices.

For example, in the USA, IFCO developed a water recycling prototype unit in its Atlanta, Georgia service centre in conjunction with a filtration expert. The unit captures wastewater via an inline filtering plant, removing solids and bacteria and enabling it to be reused. Previously this wastewater would have passed direct to waste drains. It is estimated approximately 30% of wastewater will be recycled by this system. The finalised design has been installed in the newly opened Portland, Oregon service centre and IFCO's remaining North American plants will have the system installed during FY13.

Water recycling units are also planned for IFCO's service centres in Germany in FY13. All IFCO service centres are fully compliant with local wastewater regulations.

While water data is available for IFCO's European facilities, this will be reported after it is entered into iCARE, Brambles new data collection system. Once this is done, Brambles will set a water target in consultation with IFCO.

CHEP Australia uses water recycling at several of its plants. In FY12, it commissioned a new recycling plant in South Australia, which will save four million litres of water each year.

Some Recall sites collect rainwater. Water discharges from CHEP and Recall facilities are equivalent to sanitary wastewater and are not considered material.

PEOPLE

Brambles believes an engaging, safe, tolerant and diverse work environment brings out the best in its people.

Employees by segment[10]

Segment	Employees
Pallets Americas	5,238
Pallets EMEA	2,791
Pallets Asia-Pacific	1,421
Pallets (Total)	9,450
RPCs	1,026
Containers	795
Recall	4,581
Brambles HQ	278
Total	16,130

SAFETY & WELLBEING

Brambles' Zero Harm Charter states that everyone has the right to be safe at work and to return home to their family and friends as healthy as when they started the day. Each and every person is expected to work safely. Brambles seeks to apply best occupational health, safety and environment practice for employees, contractors, customers and local communities.

Brambles will update its Zero Harm Charter in FY13 to provide renewed focus on the importance of safety throughout the Group. The Zero Harm Charter will be rolled out to all IFCO sites.

Details on Brambles' Health & Safety Policy and the Zero Harm Charter are in the Directors' Report — Other Information on page 65.

In 2010, Brambles rolled out a new scorecard that is based on the standard practice of total recordable incident reporting of Brambles Injury Frequency Rate (BIFR) and takes a comprehensive view of safety. BIFR records fatalities and three types of injury, each at a rate of injury per million hours worked:

- work-related fatalities;
- loss of a full work shift due to injury;
- modified duties following an injury; and
- incidents that require medical treatment.

BRAMBLES INJURY FREQUENCY RATE

BIFR is the primary measure of safety performance across the Group.

It is with great sadness that Brambles reports two employee fatalities that occurred in the USA during the Year.

In October 2011, Alfredo Ruiz, a warehouse assistant in the CHEP Catalyst & Chemical Container business in Houston, Texas, suffered a serious injury while at work. Sadly, he did not recover from his injury and passed away in June 2012.

Brambles also suffered the loss of Roland Haggins, an employee, as a result of structural damage at a Recall-operated facility in Landover, Maryland, in June 2012. These events are unacceptable and in line with its Zero Harm policy, Brambles will continue to seek to drive improvements in its overall safety performance.

In FY12, the combined performance of CHEP in the three Pallet segment regions was a BIFR of 8.4 events per million hours worked. This was a significant reduction on rates in the previous year, with the Americas down 47%, Australia & New Zealand rates decreased by 40% and EMEA was down 33%.

In the Year, the Group achieved a BIFR of 9.3 events and baseline BIFR exercises were carried by the recently acquired businesses. The improvement in FY12 BIFR rates can be attributed to a focus on risk reduction activities, the adoption of leading indicators such as active near-miss reporting, sharing of best practice between members of the newly formed Global Safety team in the Pallets segment and a greater emphasis on learning and preventing reoccurrence of incidents throughout the network.

A new BIFR reduction target was set by the ELT during the Year. Brambles has set BIFR targets for new businesses for FY13 and these will be reported in FY13.

The Zero Harm strategy developed in 2010 and associated internal structures and performance measurement processes are aimed specifically at the BIFR to create breakthrough performance by addressing the underlying cause of injury.

Recall is currently midway through its current three-year strategic safety program focused on key areas such as: manual handling, fire safety, correct use of energised equipment (i.e. forklifts, pallet jacks), use of restricted-access vehicles and cranes, and motor vehicle and driver awareness. Each year, a Zero Harm stand down event is held globally, where all staff receive co-ordinated and consistent safety messages.

During the summer months, CHEP UK & Ireland employees were encouraged to participate in its Cool Commuter initiative to travel to and from work, promoting sustainable commuter transport and healthy lifestyles. Employees walked for 1,667 miles and cycled for 7,218 miles, as well as utilising public transport. The initiative also raised money for charity.

During the Year, CHEP Australia employees attended information sessions that dealt with general issues such as physical activity and nutrition, followed by one-on-one health assessments. Almost 600 CHEP employees undertook a health assessment. Over 80 per cent agreed that the seminar series was worthwhile and that they would use the information to improve and maintain their health and wellbeing.

ATTRACTING & RETAINING TALENT: LEADERSHIP

Brambles is committed to providing a safe, rewarding and challenging environment to help employees reach their potential. Brambles operates a competency framework which allows employees to understand the skills and competencies required to do their job, and which ones need to be developed for career progression. This framework is at the core of Brambles' performance appraisal systems. Every employee has an annual appraisal with their manager.

During the Year, Brambles focused on aligning the talent management strategy with its business strategy to achieve its objectives. A key element of this was to determine future organisational capability requirements compared to current and develop plans to address the gaps.

As a result, Foundation 15, a three-year talent acquisition and development program sponsored by Brambles' CEO, has been launched. The major focus of Foundation 15 will be to address the gaps in the leadership pipeline by targeting specific populations with focused development and going outside the organisation where necessary, to acquire the talent to fill any gaps that cannot be filled through internal development. An integral part of this program was a global development centre for 14 high potential leaders, all of whom now have coaching and development plans in place to prepare them for their next career step. Since the program, one of the participants has been promoted and five have changed roles for development purposes.

[10] Snapshot of permanent employees as at 30 June 2012.

Two development centres were run for managers in the Pallets businesses in Australia and in Asia, with a total of 26 participants. Development plans are currently being put into action for these managers as part of the strategy to build the leadership pipeline.

Foundation 15 focuses on Brambles specific functions and markets and a highly interactive and practical workshop was run for all the leaders of countries in emerging markets. The workshop was conducted in partnership with CEDEP (the European Centre for Executive Development), on the INSEAD campus in Fontainebleau, France with which Brambles has had a strategic relationship since 2009. The outputs of this program have been channelled into specific work streams, with program participants taking ownership of turning ideas into action. Brambles also has partnerships with business schools in Shanghai (CEIBS) and Singapore (INSEAD). This allows Brambles to widen its search for management talent.

Brambles' CEO and his team will monitor and measure the success of Foundation 15 on a quarterly basis, using a talent dashboard that will include targets for: internal promotions versus external hires; depth of succession into senior roles; and the number of females in leadership roles at all levels in the organisation.

Brambles continues to recruit high-potential master's degree graduates to build its leadership pipeline, matching the profiles of potential recruits to the future capabilities required in the different markets in which Brambles operates.

Brambles' succession and talent review enabled the introduction of a process with a greater focus on differentiated development plans for leaders at all levels, including very specific ownership by the Brambles ELT of development plans for all senior leaders in the organisation. This common business approach to defining performance and potential is being cascaded to all levels of the Group.

EMPLOYEE ENGAGEMENT

Brambles recognises that people are its most important asset and is committed to providing a safe, rewarding and challenging environment for its employees. Ensuring its employees are engaged means listening to employee feedback and treating employees with integrity and respect.

Employee engagement is monitored through the Brambles Employee Survey (BES). This is extended to all employees and is confidential. It surveys employees' perceptions of their workplace. The data is used to track progress from previous surveys, to measure Brambles against internal and external best practice and to identify key actions for improvement.

Over the past few years, Brambles employees have demonstrated a willingness to provide feedback and suggest where Brambles can improve.

For the 2012 survey, four new questions relating to the customer and one question on work life balance were added to the questionnaire. For the first time, the 2012 survey included recently acquired businesses and participation rates continued to be world class, with 86% of employees responding. As Brambles was seeking to divest Recall at the time the survey was held, Recall employees did not participate. Brambles donated US$2 for each completed survey to UNICEF, a total of US$18,100.

Overall, Brambles' employee engagement index score was 67%[11]. In comparison to FY11 (excluding the newly acquired businesses and Recall), overall employee engagement increased from 64% to 69%.

[11] Engagement is a combination of perceptions that positively impact behaviour. These perceptions include satisfaction, pride, loyalty and a willingness to be an advocate for the organisation; engagement results are an average of these four items and measure to what extent employees agree or disagree with the statement. Those employees who agree or strongly agree are the most engaged.

At the Group level, there were a number of areas where employee engagement levels have increased. Their understanding of the company's direction and goals have strengthened, and they have a clear understanding of what is expected in their roles. An increasing number of employees have had the results of the previous survey shared with them.

Overall, career growth and development and opportunities are key areas where employees would like Brambles to remain focused.

All areas of the business are now addressing the results with action plans focused on the engagement priorities at a local level. These plans will be regularly reviewed and followed up by both the businesses and Brambles leadership teams. Employee engagement will remain an on-going item in internal communications across the Group.

Brambles is committed to conducting the BES annually, where previously it was every 18 months. The next survey will be carried out in April 2013.

As foreshadowed in last year's report, Brambles has reset its targets for employee engagement to include IFCO.

TRAINING & DEVELOPMENT

To meet ongoing and future needs, Brambles is committed to developing the skills of its people.

One of the areas of focus for Brambles' sustainability strategy is its people and the education, training and development opportunities available to them. Brambles is committed to ensuring that its people are fully trained and equipped to do their job.

This Year, Brambles' business units reported a total of 32,415 employee training days in the Year. The target of 25% increase in ETD days will be rebased on number of training days recorded in the Year.

A large number of training courses are available to employees through proprietary web-based systems, which enables Brambles to monitor the number of training days and their effectiveness.

DIVERSITY & INCLUSION

Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional capability and qualifications, irrespective of gender and other diversity factors. Brambles selects, retains and develops the best people for the job on the basis of merit and job related competencies.
In FY11 Brambles introduced a diversity policy that deals with diversity across a range of measures. This policy is available on Brambles' website. Details of the policy are shown in section 3.2 of the Corporate Governance Statement on page 37.

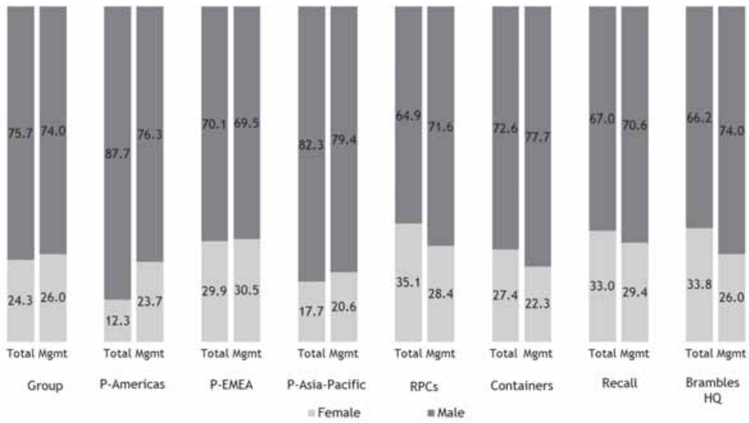
Training days for the Year

	Per employee	Per male employee	Per female employee	Per non-mgt employee	Per mgt employee
Pallets Americas	3.77	3.94	2.58	3.83	3.43
Pallets EMEA	1.32	0.90	2.29	1.19	2.03
Pallets Asia-Pacific	2.88	2.54	4.44	2.66	4.01
RPCs	1.20	1.16	1.26	1.02	2.70
Containers	1.72	1.46	2.43	1.82	1.33
Recall	3.68	3.31	4.42	3.86	1.79
Brambles HQ	0.12	0.08	0.22	0.10	0.13
Group	2.91	2.83	3.16	2.99	2.46

Of the 16,130 Brambles employees, 24.3%* are female. The reorganisation of the Pooling Solutions businesses and incorporation of data from the recently acquired businesses have resulted in some changes to the gender splits that were reported last year. For example, due to the incorporation of IFCO's PMS business into the Pallets Americas segment, the female population is now 12%, compared to CHEP Americas' population of 24% in FY11. The movement of Information Technology and Legal teams into Brambles HQ is also the explanation for Brambles gender split changes when compared to last year, with the female population now around 34%, compared to last year's population of almost 47%.

The Group's remuneration policy is to set pay around the median level of remuneration but to provide upper quartile total potential rewards for outstanding capability and performance (further details on the Remuneration Policy and structure can be found on pages 47 to 49). Brambles rewards performance on the basis of merit and job related competencies without discrimination. As required by the ASX Corporate Governance Council Corporate Governance Principles & Recommendations (Principle 8), the Remuneration Committee has responsibility for reviewing and making recommendations to the Board on remuneration by gender. Brambles expects that its target of increasing the number of female employees in management will reduce the disparity in male:female salary ratios at the management level.

Permanent employees by gender (total and management) as at 30 June 2012 (%)



Male:female salary ratios

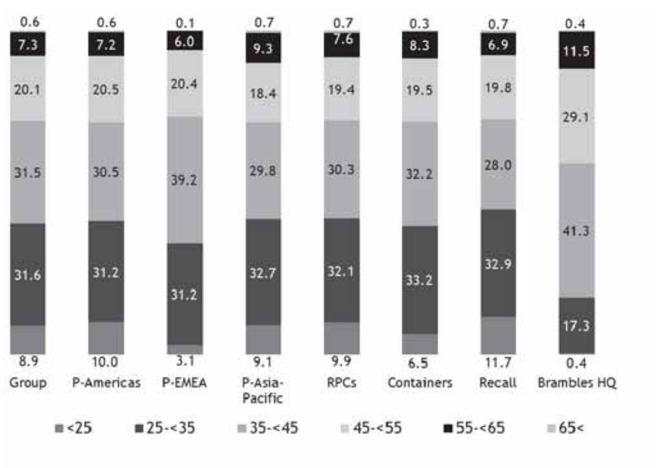
	Male	Female
Group	1.01	1.00
Non-management	1.01	1.00
Management	1.06	1.00

Brambles is committed to supporting employees throughout their working life and to tracking and reporting parental leave data.

	Group employees taking parental leave during the Year (%)	Group employees returning to work after parental leave during the Year (%)
Group	2.46	1.75
Male	1.28	1.20
Female	6.13	3.47

Voluntary Turnover	(%)
Group	15.0
Pallets Americas	21.9
Pallets EMEA	12.2
Pallets Asia-Pacific	6.8
RPCs	10.7
Containers	11.8
Recall	15.0
Brambles HQ	3.2

Age distribution of employees as at 30 June 2012 (%)



For the Year, voluntary turnover of employees for the Group was 15%. The reorganisation of the Pooling Solutions businesses and incorporation of data from the recently acquired businesses have resulted in some large changes to data that was reported last year. For example, the incorporation of IFCO PMS business, which has a high turnover of personnel at its service centres, into the Pallets Americas segment, is almost double the voluntary turnover number CHEP Americas reported in FY11.

* Figure assured by KPMG.

COMMUNITY

Brambles supports and enriches communities through responsible procurement, employment practices and collaborative partnerships that connects its people to customers and suppliers.

SUPPLIER SUSTAINABILITY

Brambles expects its suppliers' practices to be in line with its principles. Brambles is committed to driving efficiency and environmental sustainability in the supply chains it serves.

Brambles has robust management systems for maintaining relationships with suppliers. Responsibility for managing relationships with suppliers resides with the Group Presidents of each Brambles segment. Brambles' policy is incorporated in the Code of Conduct, the expectations of which it communicates clearly to suppliers. For example, CHEP's European purchasing contracts refer to the Code of Conduct, which is passed on to suppliers. The majority of CHEP's European purchases are under such contracts. Elements of the Code of Conduct are also included in material purchasing contracts with suppliers in CHEP Asia-Pacific. CHEP Americas' contracts for service providers in its plant network specify compliance with relevant local requirements governing labour, health, safety and environment.

Brambles monitors relationships with suppliers. Brambles is committed to assessing supplier environmental and social standards. Major suppliers in sectors with a high environmental impact are required to provide evidence of their systems for ensuring good environmental performance.

Brambles recognises that its business units need to collaborate closely with their third-party operators and suppliers to meet customers' growing interest in understanding their environmental impact and in turn to demonstrate the benefits of using Brambles' products and services. IFCO, for example, prefers vendors with high sustainability standards. Major suppliers can provide feedback to IFCO in regular meetings with management. Meetings with major suppliers occur every quarter. Issues are discussed and resolved during the meetings.

CHEP Americas and CHEP EMEA have joined the international Supplier Ethical Data Exchange (Sedex). Sedex connects businesses and their suppliers in the sharing of data to measure and improve ethical and responsible business practices. By the end of 2012 all CHEP sites in Europe will report information through Sedex.

CHEP USA applies its Quality Management System across the supply chain. The system has in place a number of controls for raw materials (particularly lumber), compliance with import and export regulations, nails, paint and new pallet manufacturing. This has led to a 114% reduction in non-compliance claims for raw materials since 2009.

By working in partnership with suppliers, Brambles' business units will be able to gather credible and consistent quality data and develop better, more sustainable and mutually beneficial outcomes. In the 2011 Sustainability Review, Brambles indicated it would develop a supplier policy that draws on best practice across the business units in FY12. With the creation of the Pallets' procurement and operations global functions, Brambles has delayed the rollout of a global supplier policy so it can properly develop and implement a policy and supporting framework in consultation with its businesses and engagement with suppliers. This policy will be completed and communicated in FY13.

Brambles' Zero Harm Council is evaluating appropriate actions to assess whether providers are focusing on safety. In 2011, the Zero Harm Council assessed the most appropriate methodology to apply and how the information could be collected and evaluated and developed an evaluation tool broadly based on OSHAS18000 methodology. In FY12, 125 third party operators have completed self-assessments and Brambles has engaged an external supplier to review and validate the assessments in FY13.

COMMUNITY INVESTMENT

One of Brambles' shared values is to always act with integrity and respect for the community and the environment. Brambles' business units are part of the communities in which they operate. Brambles' operating businesses recognise their responsibility in making a positive contribution to these communities in the areas of environment sustainability and education.

Brambles provides financial and other forms of support to charitable and community organisations around the world.

This support is provided in four ways:

- contributions by Brambles' businesses to a range of local and national charities;
- personal contributions by Brambles' employees around the world to a range of fundraising events and activities;
- a volunteering policy that provides Brambles' employees with three days of paid volunteer leave per year; and
- monetary donations provided by Brambles' business units to support employee volunteer efforts.

During the Year, Brambles and its businesses provided almost US$880,000 in donations, and sponsorship to global, regional and local charities and causes. This included providing US$100,000 to support Thai flood relief efforts.

For the first time, Brambles asked its businesses to provide details on the in-kind donations of equipment to charity organisations and causes during the Year and report a financial value for these efforts, which amounted to US$848,000. In the UK, CHEP works with FareShare, a national charitable organisation that works with the food industry to take surplus food that is fit for purpose but would otherwise be going to landfill. CHEP UK supports FareShare across a wide number of initiatives, and one area is to open all of the 17 FareShare depots to accept CHEP pallets.

A focus of IFCO's Worldwide Responsibility program is sharing its expertise in collecting and transporting fruit and vegetables with Foodbanks around the world. Since the program's inception, IFCO has donated over 55,000 RPCs to more than 50 Foodbank sites in Europe, North America and South America. It has also helped co-finance 28 refrigerated vehicles to keep fruit and vegetables fresh within the Foodbank network.

In Australia, CHEP provides Foodbank warehouses with pallets, crates and bins to help move stock throughout the Foodbank networks. After a recent stock-take of its assets, CHEP Australia conservatively estimated it provides in-kind support of A$100,000 per annum to Foodbank.

Recall's Secure Destruction Services sites hold "shredder days", where members of the local community can deposit sensitive documents, such as bank statements, medical records or other personal documents, knowing Recall will securely destroy them.

Brambles has an employee volunteering policy, which provides employees with three days of paid volunteer leave per year during usual contracted hours to provide volunteer services to community-based not-for-profit, educational, or environmental organisations. During the Year, 330 employees volunteered a combined total of 3,813 hours.

Last year in the UK, CHEP signed an innovative sponsorship deal with the National Forest Company, which is leading a regeneration project to create a wooded landscape over 200 square miles of central England. The agreement will result in the planting of more than 12,000 new trees in a six-hectare area at Normanton, Leicestershire, over three years. Over 70 CHEP UK & Ireland employees volunteered to participate in the first two tree-planting sessions as part of the business' sustainability program and volunteering efforts.

CHEP USA's CHEP Cares program has implemented a number of initiatives to encourage employees to get involved with their communities. These include:

- an online system that tracks employee volunteering hours and a calendar of events that helps employees find and sign up for events in their local community;
- a matching gifts program, which provides all employees the ability to double their donations to recognised charitable organisations up to an amount of US$1,000; and
- a voluntary "give as you earn" program, under which employees can donate direct from their payroll to one or a number of CHEP USA's core charitable organisations and CHEP USA then matches these donations.

Through CHEP Australia's Helping Hand program, employees donated A$50,000 to 27 local charity and community organisations across Australia and volunteering hours increased by 20 times when compared to FY11.

In October 2011, CHEP Australia joined forces with The Smith Family to host a career day for disadvantaged teenagers from a local high school. Sixteen students attended along with teachers, volunteers from CHEP and staff from The Smith Family Learning for Life program. Students met with CHEP staff from across the business, participated in workshop activities to learn about education, career paths and job interview skills and gain an insight into corporate life. Students also visited the plant floor and watched pallet repairs. Feedback from The Smith Family and attending students was very positive.

GOVERNANCE

Brambles is conscious that it must have the right risk and governance foundations and appropriate structures in place to manage all impacts responsibly. Its sustainability strategy recognises that sustainability must be embedded into its corporate risk management framework. Brambles uses corporate governance practices and processes to oversee its performance, including its sustainability performance.

The CEO, who is also a member of the Board, has operational responsibility for sustainability issues. The Board receives updates on sustainability issues, including information on operational activities, objectives and external feedback on Brambles' performance.

Sustainability is overseen by the Sustainability Committee, which is a management committee. Details of the Sustainability Committee members and its Charter are available on Brambles' website. The Sustainability Committee meets at least three times a year.

Brambles' Executive Leadership Team (ELT) has oversight of sustainability policies and is responsible for implementing sustainability policies across the organisation. Further details on the Board and ELT are located on pages 29 to 32 and in section 1.1 of the Corporate Governance Statement on page 33.

Brambles' Code of Conduct provides an ethical and legal framework for all employees in the conduct of Brambles' business. The Code of Conduct defines how Brambles relates to its shareholders, employees, customers, suppliers and the community. Brambles implements its Code of Conduct through a variety of training and induction programs. It is regularly reviewed by the Board and updated as necessary. Further details on the Code of Conduct are in section 3.1 of the Corporate Governance Statement on pages 36 to 37. A copy of the Code of Conduct is available on Brambles' website.

Senior managers are required to either sign off on compliance with the Code of Conduct every six months, or to identify any exceptions. The sign-offs may be subject to audit testing by Internal Audit.

MERGERS AND ACQUISITIONS

Brambles' mission is to create superior shareholder value through its people and their enterprising spirit. Brambles will work with the businesses it acquires to identify and adopt the better practice. Brambles will see that these practices are shared across the Group and adopted in a considered and consistent manner.

Brambles has a number of areas of strategic focus to pursue opportunities that target sustainable profitable growth for stakeholders. Details on Brambles' growth strategy are outlined in the Letter from the Chairman & The CEO on page 1.

When assessing potential acquisitions and mergers, Brambles undertakes a due diligence process that includes the identification of material risks, including risks related to sustainability.

Brambles acquired IFCO on 31 March 2011 and Brambles and IFCO executives continue to work on integrating its operations into the Group. This includes reviewing sustainability strategies and targets, systems, process and the culture of each business. Brambles' risk management processes were implemented in IFCO in FY12. In FY13 a new safety and sustainability management system called iCARE will be rolled out to all businesses. The RPC segment, including IFCO and CHEP operations, will enter its energy, waste and water data for FY12 and FY13 into the new system.

IFCO's Pallet Management Services now reports to the Americas region of the Pallets segment. It operates 43 service centres, a fleet of 240 trucks and a fleet of over 5,000 trailers.

It focuses on the retrieval, reconditioning, and resupplying of non-pooled "white" wood pallets in the USA.

Since Brambles acquired IFCO in March 2011, CHEP and IFCO PMS have been working together and a strategy is in place to optimise and deliver an integrated service centre network.

CHEP service centres have begun to process white wood pallets and IFCO PMS have begun to process CHEP pallets, with a total of 16 centres now capable of processing both platforms.

In FY13, Brambles will begin collecting IFCO PMS energy, waste and water data and in the process, record and measure the energy efficiencies that result from the optimisation of the networks.

BOARD & EXECUTIVE LEADERSHIP TEAM

BOARD OF DIRECTORS AT 30 JUNE 2012

DOUG DUNCAN NON-EXECUTIVE DIRECTOR (INDEPENDENT)
Member of Audit Committee

Joined Brambles as a Non-executive Director in January 2012. He is a Non-executive Director and member of the Audit Committee of JB Hunt Transport and Benchmark Electronics. Doug's career in the transport and logistics industry spans over 30 years. From 2001 until his retirement in 2010, he was President and CEO of FedEx Freight. Prior to that, he spent more than 20 years with the company that ultimately became Viking Freight, where he held senior executive roles including President & CEO from 1998 to 2001, when FedEx acquired Viking. Doug holds a Bachelor of Science degree in Business Administration from Christopher Newport University, Virginia. Age: 61.

TONY FROGGATT NON-EXECUTIVE DIRECTOR (INDEPENDENT)
Member of Audit Committee, Remuneration Committee and Nominations Committee

Joined Brambles as a Non-executive Director in June 2006. He is a Non-executive Director of Billabong International and Coca-Cola Amatil. Previously, Tony was a Non-executive Director of AXA Asia Pacific Holdings and was CEO 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: 64.

TOM GORMAN CHIEF EXECUTIVE OFFICER
Chairman of Executive Leadership Team

Joined Brambles as Group President, CHEP EMEA in March 2008 and became CEO in November 2009. Previously, Tom had a long career with the Ford Motor Company, and served as President, Ford Australia from March 2004 until January 2008. Before joining Ford, he worked for the Bank of Boston. Tom holds a Bachelor of Arts degree in Economics & International Relations from Tufts University, Massachusetts and a Master of Business Administration degree with distinction from Harvard Business School, Massachusetts. Age: 52.

DAVID GOSNELL NON-EXECUTIVE DIRECTOR (INDEPENDENT)
Member of Audit Committee

Re-joined Brambles as a Non-executive Director in December 2011. He is Managing Director of Global Supply & Procurement for Diageo plc, leading a global team of 9,000 people across manufacturing, logistics and technical operations as well as managing Diageo's multi-billion sterling procurement budget. David was a Non-executive Director of Brambles from June 2006 until March 2010, when he retired due to his other commitments at that time. Prior to joining Diageo, David spent 20 years at HJ Heinz, where he served on the UK board and held various European operational positions. He holds a Bachelor of Science degree in Electrical & Electronic Engineering from Middlesex University, England. Age: 55.

TAHIRA HASSAN NON-EXECUTIVE DIRECTOR (INDEPENDENT)
Member of Remuneration Committee

Joined Brambles as a Non-executive Director in December 2011. Tahira is based in Toronto, Canada and had a long career with Nestlé. From 2003 to 2006, she was Senior Vice President & Head of Global Supply Chain. Based in Switzerland, this was a new role created to lead the reshaping of Nestlé's global approach to supply chain management. Her other roles included Senior Vice President & Global Business Head for Nescafé Ready To Drink from 2006 to 2009, and Vice President, Deputy Operations, Zone Americas from 2001 to 2003. Previously, Tahira held various leadership positions in Nestlé Canada including President, Ice Cream and Executive Vice President, Consumer Demand Chain and Information Services. Tahira is a Fellow of the Chartered Institute of Management Accountants, UK and a Certified Member of the Society of Management Accountants of Canada. Age: 59.

GREG HAYES CHIEF FINANCIAL OFFICER

Joined Brambles as Chief Financial Officer in November 2009. Previously Greg was CEO & Group Managing Director of Tenix Pty Limited, and prior to that Chief Financial Officer and later, Interim CEO of The Australian Gas Light Company (AGL). He has also had senior executive roles at Westfield Holdings Limited and Southcorp Limited. Greg holds a Master of Applied Finance degree from Macquarie University and a Graduate Diploma in Accounting and Bachelor of Arts degree from Flinders University. Greg is a member of the Institute of Chartered Accountants in Australia and has attended the Advanced Management Programme at Harvard Business School, Massachusetts. Greg will retire from Brambles in March 2013. Age: 54.

STEPHEN JOHNS NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of Audit Committee and member of Nominations Committee

Joined Brambles as a Non-executive Director in August 2004. He is Chairman and a Non-executive Director of Leighton Holdings Limited and a Non-executive Director of Westfield Group and Leighton Holdings subsidiary John Holland Group. Previously Stephen had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He has a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. Age: 65.

CAROLYN KAY NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Audit Committee

Joined Brambles as a Non-executive Director in June 2006. She is a Non-executive Director of Commonwealth Bank of Australia, Infrastructure NSW and The Sydney Institute and an External Board Member of Allens. Carolyn has more than 25 years' experience in the finance sector and worked as an executive in international finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and Linklaters & Paines in London. She holds Bachelor degrees in Law and Arts from the University of Melbourne and a Graduate Diploma in Management from the Australian Graduate School of Management. 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: 51.

GRAHAM KRAEHE AO NON-EXECUTIVE CHAIRMAN (INDEPENDENT)

Chairman of Nominations Committee and member of Remuneration Committee

Re-joined the Board in December 2005, was appointed Deputy Chairman in October 2007 and Chairman in February 2008. He is Chairman and a Non-executive Director of Bluescope Steel Limited and a director of Djerriwarrh Investments Limited. Graham was a Non-executive Director of Brambles from December 2000 until March 2004, when he retired because of commitments in his past role as Chairman of National Australia Bank Limited. He has also been the CEO of Pacific BBA and Southcorp Limited, a member of the Board of the Reserve Bank of Australia and a non-executive director of News Corporation. Graham has a Bachelor of Economics degree from Adelaide University. He is an Officer of the Order of Australia. Age: 69.

LUKE MAYHEW NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of Remuneration Committee

Joined Brambles as a Non-executive Director in August 2005. Luke is a Non-executive Director of InterContinental Hotels Group. He was a Non-executive Director of WH Smith until August 2010, Chairman of Pets at Home Group Limited until March 2010 and Chairman of the British Retail Consortium between 2009 and 2011. Luke was a director of John Lewis Partnership from 1992 to 2004. He previously held senior positions at Thomas Cook, British Airways and was Chief Executive of Shandwick's European business. He has a Bachelor of Arts (Honours) degree from Oxford University and a Master of Economics degree from the University of London. He is a Trustee of BBC Children in Need. Age: 59.

BRIAN SCHWARTZ AM NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of Remuneration Committee

Joined Brambles as a Non-executive Director in March 2009. He is Chairman and a Non-executive Director of Insurance Australia Group Limited and Deputy Chairman and a Non-executive Director of Westfield Group and Football Federation Australia. In March 2009, he retired as CEO of Investec Bank (Australia) Limited. Having joined Ernst & Young in 1979, Brian became a partner in 1985. From 1998 to 2004 he was CEO of Ernst & Young Australia and a member of the Ernst & Young Global Executive Board. Brian is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He is a Member of the Order of Australia. Age: 59.

EXECUTIVE LEADERSHIP TEAM AT 30 JUNE 2012

TOM GORMAN CHIEF EXECUTIVE OFFICER

Chairman of Executive Leadership Team

Joined Brambles as Group President, CHEP EMEA in March 2008 and became CEO in November 2009. Previously, Tom had a long career with the Ford Motor Company, and served as President, Ford Australia from March 2004 until January 2008. Before joining Ford, he worked for the Bank of Boston. Tom holds a Bachelor of Arts degree in Economics & International Relations from Tufts University, Massachusetts and a Master of Business Administration degree with distinction from Harvard Business School, Massachusetts. Age: 52.

GREG HAYES CHIEF FINANCIAL OFFICER

Joined Brambles as Chief Financial Officer in November 2009. Previously Greg was CEO & Group Managing Director of Tenix Pty Limited, and prior to that Chief Financial Officer and later, Interim CEO of The Australian Gas Light Company (AGL). He has also had senior executive roles at Westfield Holdings Limited and Southcorp Limited. Greg holds a Master of Applied Finance degree from Macquarie University and a Graduate Diploma in Accounting and Bachelor of Arts degree from Flinders University. Greg is a member of the Institute of Chartered Accountants in Australia and has attended the Advanced Management Programme at Harvard Business School, Massachusetts. Greg will retire from Brambles in March 2013. Age: 54.

JEAN HOLLEY CHIEF INFORMATION OFFICER

Joined Brambles in September 2011 from telecommunications services company Tellabs, Inc, where she was Executive Vice President & Chief Information Officer. Previously, Jean held roles including Vice President & Chief Information Officer at building materials group USG Corporation and senior information technology and information systems roles at environmental services company Waste Management Inc. Jean is also a member of the Board of Directors for VASCO Data Security International, Inc. She has a Master of Science degree in Computer Science & Engineering from the Illinois Institute of Technology and a Bachelor of Science degree in Computer Science & Electrical Engineering from the Missouri University of Science & Technology. Age: 53.

PETER MACKIE GROUP PRESIDENT, PALLETS, AMERICAS

Became Group President, Pallets, Americas in October 2011, having been Group President, CHEP Asia-Pacific since May 2010 and Acting Group President, CHEP Europe, Middle East & Africa from November 2009 to April 2010. Previously, Peter held the positions of President, CHEP Europe; Senior Vice President, Customer Service, CHEP Europe; Vice President, Strategy, CHEP Europe; and Managing Director, CHEP UK & Ireland. Before joining CHEP in 2001, Peter held senior roles with Boots and The BOC Group. Peter is a qualified chartered engineer and has a Master in Business Administration degree from London Business School. Age: 46.

KARL POHLER GROUP PRESIDENT, RPCs

Became Group President, RPCs in October 2011, having been CEO, IFCO Systems, which Brambles acquired in March 2011, since August 2005. Karl was an executive member and CEO of the Board of Directors of IFCO from December 2000. Prior to joining IFCO, he was Chairman of the Board of Management of Computer 2000 AG, and, at the same time, European president of Computer 2000/Tech Data Corp. From 1997 to 1999, he served as CEO of Sony Deutschland GmbH. From 1993 to 1996, he chaired the Board of Management of Computer 2000 Deutschland GmbH. From 1980 to 1992, he was active in executive management functions for Digital Equipment GmbH. Age: 58.

ELTON POTTS GROUP PRESIDENT & CHIEF OPERATING OFFICER, RECALL
Became President & Chief Operating Officer of Recall in April 2007, having been appointed Chief Operating Officer of Recall in December 2006. He joined Brambles in 2002 as Vice President, Controller for CHEP USA, becoming Vice President, Asset Management for CHEP USA in the same year and Senior Vice President, Asset Management for CHEP USA in 2003. Before joining Brambles, Elton held various operations and finance roles with Owens-Corning and Newell Rubbermaid. He holds a Bachelor in Financial Management degree from Clemson University, South Carolina, and a Master in Business Administration degree from Capital University, Ohio. Age: 48.

JASON RABBINO GROUP PRESIDENT, CONTAINERS
Joined Brambles in May 2012 from diversified industrial company Tyco International, where he was Senior Vice President of Enterprise Solutions. Previously, Jason held a number of senior executive roles in Tyco's ADT electronic security solutions business, managed services company Aramark Corporation and management consultancy McKinsey & Company. Before entering the corporate world, he was an officer and aviator in the United States Navy. He has a Master of Business Administration degree from the Wharton School of the University of Pennsylvania. Age: 43.

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 in Business Administration degree. Age: 51.

DOLPH WESTERBOS GROUP PRESIDENT, PALLETS, EMEA & ASIA-PACIFIC
Became Group President, Pallets, EMEA & Asia-Pacific in October 2011 having joined Brambles in April 2010 as Group President, CHEP EMEA. Prior to joining Brambles, Dolph held executive positions at Dell, most recently as Vice President, Solutions & Services, EMEA, which included responsibility for Dell's services, software and data centre business across more than 50 countries. Before joining Dell, Dolph was President, EMEA and Senior Vice President, Asia, for ModusLink, a global provider of supply chain, IT and business process outsourcing services to technology companies. He has a Master in Management degree from the Graduate School of Business at Stanford University, California. Age: 48.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

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

This Corporate Governance Statement outlines the key components of Brambles' governance framework in place during the year ended 30 June 2012 (Year), by reference to the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Second Edition (CGPR). During the Year, the Board believes Brambles met or exceeded all the requirements of the CGPR. The information provided in this Corporate Governance Statement is current as at 31 July 2012.

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

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1. ROLE OF THE BOARD AND EXECUTIVE MANAGEMENT

1.1.1. Role of the Board and executive management

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

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

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

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

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

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

The ELT, a management committee, assists in implementing Brambles' strategic direction, and ensuring its resources are well managed. The ELT has a range of responsibilities, which include:

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

Biographical details for the members of the ELT are shown on pages 31 and 32.

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

1.1.2. Responsibilities of the Board

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

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

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

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

1.1.3. Allocation of individual responsibilities

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

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

1.2. PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

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

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

1.2.1. Induction of senior executives

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

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

At the date of the Directors' Report, the Board consists of eleven members, with two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and nine Non-executive Directors. The Chief Financial Officer, Greg Hayes, will retire from the Board on 1 October 2012. The biographies for each of the current Directors, shown on pages 29 and 30, indicate the breadth of their business, financial and international experience. This gives the Directors the range of skills, knowledge and experience essential to govern Brambles, including an understanding of the health, safety, environmental and community related issues which it faces. The Board considers that its current composition (and its composition after the retirement of Greg Hayes) reflects (and will reflect) an appropriate balance of Executive and Non-executive Directors.

The table below sets out the names of the Directors in office at the date of the Directors' Report, the years of their appointment and, where applicable, their most recent election by shareholders, their status as Executive or Non-executive Directors, whether they will retire and seek election or re-election at the 2012 Annual General Meeting (AGM), and when they are next due for re-election.

2.1. INDEPENDENT DIRECTORS

2.1.1. Independent decision-making

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

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

2.1.2. Independent Directors

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

Carolyn Kay is a director of the Commonwealth Bank of Australia (CBA), which, at various times during the Year, was a substantial shareholder of Brambles. The Board noted that, except for 2,228,025 shares (being 0.14% of Brambles' issued share capital at the date of this Statement), CBA's relevant interests in Brambles shares are exercised either as a superannuation trustee; a life company holding statutory funds; a responsible entity or manager of a managed investment scheme; under an investment mandate; by external managers unrelated to the CBA group; or subject to client direction. The Board does not consider that Carolyn Kay's relationship with CBA gives rise to any actual or perceived loss of independence on her part because of the manner in which CBA's relevant interests in Brambles shares are held.

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

Name	Year appointed[1]	Year last elected	Executive or Non-executive	Independent	Seeking election/seeking re-election in 2012	Next due for re-election
D G Duncan	2012	N/A	Non-executive	Yes	Yes	N/A[2]
A G Froggatt	2006	2011	Non-executive	Yes	No	2014
T J Gorman	2009	2010	Executive	No	No	N/A[3]
D P Gosnell	2011[4]	N/A	Non-executive	Yes	Yes	N/A[2]
T Hassan	2011	N/A	Non-executive	Yes	Yes	N/A[2]
G J Hayes	2009	2010	Executive	No	No	N/A[5]
S P Johns	2004	2009	Non-executive	Yes	Yes	2012
S C H Kay	2006	2009	Non-executive	Yes	Yes	2012
G J Kraehe AO	2005[6]	2009	Non-executive	Yes	Yes	2012
C L Mayhew	2005	2010	Non-executive	Yes	No	2013
B M Schwartz AM	2009	2009	Non-executive	Yes	Yes	2012

[1] For the purposes of this table, the year appointed is the year the relevant Director was first elected to the Boards of Brambles or BIL and BIP, as the case may be.
[2] Appointed to the Board since the last shareholders meeting. Will stand for election for the first time at the 2012 AGM, and if elected, will be due for re-election at the 2015 AGM.
[3] Following an amendment to Brambles' constitution which was approved by shareholders at the 2010 AGM, it is no longer necessary for the managing director of Brambles to stand for re-election. Tom Gorman holds the role of managing director, but is referred to by the title of Chief Executive Officer.
[4] David Gosnell also served as a Director from 2006 to 2010, and re-joined the Board in 2011.
[5] Greg Hayes will retire from the Board on 1 October 2012, prior to that time he would otherwise have been due for re-election at the 2013 AGM.
[6] Graham Kraehe also served as a Director from 2000 to 2004 and re-joined the Board in 2005.

2.1.3. Regular assessments

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

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

2.2. INDEPENDENT CHAIRMAN

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

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

2.3. ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

2.4. NOMINATIONS COMMITTEE

2.4.1. Purpose of the Nominations Committee

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

2.4.2. Charter

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

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

2.4.3. Composition of the Nominations Committee

The Nominations Committee is comprised entirely of Non-executive Directors, all of whom the Board considers to be independent. The members of the Nominations Committee are Graham Kraehe (Committee Chairman), Stephen Johns and Tony Froggatt.

Details of Nominations Committee meetings held during the Year and attendance at those meetings, are set out in the Directors' Report – Other Information on page 64.

2.4.4. Responsibilities

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

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

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

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

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

Having regard to the Board skills matrix, the Board recognised the need for the appointment of new Non-executive Directors with substantial international business experience (particularly in Europe and the Americas) and/or knowledge of the transport and logistics industries. The Board commenced a search, using external consultants, to identify potential candidates meeting these criteria and, in so doing, requested that they have regard to Brambles' diversity objectives (see section 3.3). As result of this search, during the Year the Board appointed three new Directors (Doug Duncan, David Gosnell and Tahira Hassan) to the Board to fill casual vacancies. Biographies of the new Directors are on page 29. As required by the Company's Constitution Mr Duncan, Mr Gosnell and Ms Hassan will stand for election at the Company's 2012 Annual General Meeting. With these appointments the Board considers that, having regard to the Board skills matrix, the current composition of the Board is an appropriate balance of skills and experience.

Each Non-executive Director receives a Non-executive Director's formal letter of appointment (see section 1.1.3.) which sets out, among other things, the time commitment required and specifies that the Director should consult with the Chairman before accepting any additional commitments which may impact on their role. Any Non-executive Directors who are standing for election or re-election at the next AGM are asked to consider their other significant commitments and specifically acknowledge to Brambles that they will have sufficient time to meet what is expected of them as Directors of Brambles. Details of the number of Board and committee meetings held during the Year, and attendance at those meetings by each of the Directors and committee members, are set out in the Directors' Report – Other Information on page 64.

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

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

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

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

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

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

An internal evaluation of the performance of each of the Non-executive Directors standing for re-election or election at the 2012 AGM, was also conducted. The Chairman reviewed the results of the performance evaluations with each Director and the Chairman of the Audit Committee reviewed the results of the Chairman's performance evaluation with him. The Board also reviewed the results of that evaluation, in the absence of the Director the subject of the elevation and unanimously resolved to recommend each Non-executive Director's election or re-election as applicable.

Details of those Directors standing for election or re-election, is set out in the table in section 2.1.2 on page 34.

2.5.1. Induction and education

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

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

2.5.2. Access to information

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

2.5.3. The Board and the Company Secretary

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

The Company Secretary is Robert Gerrard. His qualifications and experience are set out on page 64.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1. ESTABLISH A CODE OF CONDUCT

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

Brambles' Code of Conduct includes the following schedules:

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

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

3.1.1. Purpose of the Code of Conduct

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

3.1.2. Application of the Code of Conduct

The Code of Conduct has been translated into 17 languages. This means that the majority of Brambles' employees can read the Code in their first language. Further translations are currently under consideration as Brambles continues to develop and grow its business. The Code of Conduct can also be used to form part of employees' terms and conditions of employment. Non-executive Directors are required to agree to comply with the Code of Conduct and to acknowledge that their performance assessments will include an element on conformity with the Code.

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

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

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

3.2. ESTABLISH A DIVERSITY POLICY

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

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

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

The Diversity Policy provides, amongst other things, that:

- Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional capability and qualifications, irrespective of gender, ethnicity, nationality, class, colour, age, sexual identity, disability, religion, marital status or political opinion;
- Brambles selects, retains and develops the best people for the job on the basis of merit and job related competencies – without discrimination;
- where appropriate, Brambles will engage external agencies to assist it in the identification, selection and assessment of candidates;
- Brambles will continue to develop talent management programs such as:
  - > development programs for senior executives;
  - > development programs for next generation leaders; and
  - > mentoring programs; and
- on an annual basis, the Board will review and report on the:
  - > relative proportion of women and men in the workforce at all levels;
  - > statistics and trends in the age, nationality and professional backgrounds of Brambles' executive population;
  - > measurable objectives for achieving gender and nationality diversity; and
  - > progress towards achieving those objectives.

3.3. GENDER DIVERSITY OBJECTIVES

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

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

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

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

As at 31 July 2012, Brambles' overall employee population was 75.9% male and 24.1% female. Women comprise 18.2% of its Board and 26.5% of its management (which is defined as the manager, director, vice president and senior vice president grades). In calculating these percentages, Brambles included each permanent employee on the payroll, but excluded casual employees and contractors.

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

3.4. GENDER DIVERSITY REPORTING

Each year, Brambles will publish the composition of its executive population by grade against this target, showing progress year on year.

The position at 31 July 2012 is as follows:

	2015 Objective	% Females at 31 July 2012[7]	% Females at 30 June 2011[7]
Board	30%	18.2%	12.5%
Executive Leadership Team	30%	11.1%	-
Senior Vice President	30%	21.8%	15.2%
Vice President	30%	10.7%	17.7%
Director	30%	21.8%	21.3%
Manager	30%	28.3%	27.8%

Further information on diversity is included in the Diversity & Inclusion section of the Sustainability Review, on pages 25 and 26.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1. ESTABLISH AN AUDIT COMMITTEE

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

4.1.1. Purpose of the Audit Committee

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

- monitoring and reviewing:
  > the integrity of financial statements;
  > internal financial controls;
  > the objectivity and effectiveness of the internal auditors; and
  > the independence, objectivity and effectiveness of the external auditors;
- making recommendations to the Board in relation to the appointment or removal of the external auditors, the approval of their remuneration and the terms of their engagement, including the rotation of external audit engagement partners;
- assessing whether the Committee is satisfied that the independence of the external auditors has been maintained, having regard to any non-audit related services;
- reviewing and monitoring the policy on the engagement of the external auditors to supply non-audit services (set out in the Charter of Audit Independence, a copy of which can be found at www.brambles.com), taking into account relevant legal and ethical guidance regarding the provision of non-audit services by the external auditors; and
- -reporting to the Board, identifying any matters relating to the above in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

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

4.2. STRUCTURE OF THE AUDIT COMMITTEE

4.2.1. Composition of the Audit Committee

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

4.2.2. Importance of independence

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

4.2.3. Technical expertise

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

The members of the Audit Committee as at 31 July 2012, including details of their relevant qualifications, are as follows:

- Stephen Johns had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He is the Chairman of Leighton Holdings Limited and a Non-executive Director of John Holland Group and the Westfield Group. He holds a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.
- Doug Duncan is a Non-executive Director and a member of the Audit Committee of JB Hunt Transport and Benchmark Electronics. From 2001 until his retirement in 2010, Doug was President and CEO of FedEx Freight and prior to that he spent more than 20 years with the company that ultimately became Viking Freight, where he held senior executive roles including President & CEO from 1998 to 2001, when FedEx acquired Viking. Doug holds a Bachelor of Science degree in Business Administration from Christopher Newport University, Virginia.
- Tony Froggatt is a Non-executive Director and a member of the Audit Committee of Billabong International and Coca-Cola Amatil. Previously, he was a Non-executive Director of AXA Asia Pacific Holdings and was Chief Executive of Scottish & Newcastle plc from May 2003 to October 2007. Tony 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.
- David Gosnell is Managing Director of Global Supply & Procurement for Diageo plc, leading a global team of 9,000 people across manufacturing, logistics and technical operations as well as managing Diageo's multi-billion sterling procurement budget. David was a Non-executive Director of Brambles from June 2006 until March 2010, when he retired due to his other commitments at that time. Prior to joining Diageo, David spent 20 years at HJ Heinz where he served on the UK board and held various European operational positions. He holds a Bachelor of Science degree in Electrical and Electronic Engineering from Middlesex University, England.
- Carolyn Kay is a Non-executive Director and a member of the Audit Committee of Commonwealth Bank of Australia, Infrastructure New South Wales and an External Board Member of Allens. She has more than 25 years experience in the finance sector and worked as an executive in international finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and as a finance lawyer at Linklaters & Paines in London. Carolyn holds Bachelor degrees in Law and Arts from the University of Melbourne and a Graduate Diploma in Management from the Australian Graduate School of Management. She is a Fellow of the Australian Institute of Company Directors.

Stephen Johns and Carolyn Kay were members of the Audit Committee throughout the Year. Doug Duncan, Tony Froggatt and David Gosnell, independent Non-executive Directors, became members of the Audit Committee on 1 March 2012. Brian Schwartz was a member of the Audit Committee during the Year until 1 March 2012 at which point he joined the Remuneration Committee to replace Tony Froggatt.

4.3. AUDIT COMMITTEE CHARTER

4.3.1. Charter

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

4.3.2. Responsibilities

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

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

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

4.3.3. Meetings

Details of the number of Audit Committee meetings held during the Year, and attendance at those meetings, are set out in the Directors' Report – Other Information on page 64. Audit Committee papers are provided to all Directors and minutes of meetings are included in the papers for subsequent Board meetings. There is also an open invitation for all Directors to attend Audit Committee meetings. Directors who are not members of the Audit Committee regularly attend its meetings. From the 2013 financial year, all Directors will be required to attend the Audit Committee meetings at which the half and full-year financial statements are considered.

4.3.4. Reporting

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

4.4. EXTERNAL AUDITOR

PricewaterhouseCoopers has been engaged by the Board to act as external auditors to Brambles since the 2002 financial year. Under the terms of engagement, the Australian audit engagement partners will rotate every five years. Mr Mark Johnson retired as Brambles' lead audit engagement partner at the conclusion of the FY11 full year results period. Mr Paul Bendall was appointed as the new lead audit engagement partner upon Mr Johnson's retirement.

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

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1. ESTABLISH A CONTINUOUS DISCLOSURE POLICY

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

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

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

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

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

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

5.1.1. Commentary on financial results
The Audit Committee Charter requires the Committee to review the clarity of financial reports.

A review of operations and activities for the Year is included on pages 4 to 11. Brambles makes presentations of the full and half year results to the investment community immediately after the public release of those results. Brambles webcasts these presentations live and posts copies of the associated presentation materials on www.brambles.com.

5.1.2. Eliminating surprise on termination entitlements
Details of the termination entitlements of Brambles' Chief Executive Officer, Chief Financial Officer and other Key Management Personnel are disclosed on page 53 of the Directors' Report – Remuneration Report.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

6.1. ESTABLISH A COMMUNICATIONS POLICY

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

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

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

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

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

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

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

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

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

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

6.1.4. Website
As noted in sections 6.1.1. and 6.1.3., Brambles communicates with shareholders via electronic methods, including via www.brambles.com. Brambles also has a shareholder results micro-site, which contains the financial results for the Year as well as more detailed information about Brambles' business operations. The micro-site can be accessed directly at www.brambles.com/2012review.

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

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

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

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

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

7.2. REPORTING ON EFFECTIVE MANAGEMENT OF MATERIAL BUSINESS RISKS

7.2.1. Risk management and internal control system

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

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

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

Key elements of Brambles' internal control systems include:

- a Code of Conduct that sets out an ethical and legal framework for all employees in the conduct of Brambles' business;
- financial systems to provide timely, relevant and reliable information to management and to the Board;
- appropriate formalised delegations and limits of authority consistent with Brambles' objectives;
- biannual management declarations at country, regional and global levels confirming, among other matters, the adequacy of internal control procedures, the effectiveness of risk management systems and compliance with the Code of Conduct and all regulatory and statutory requirements;
- an internal audit function, described in section 7.2.2.;
- a risk management function;
- RCCs for each of Brambles Headquarters and Brambles' business units; and
- other sources of independent assurance, such as environmental audits, occupational health and safety audits and reports from the external auditors.

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

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

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

Risk monitoring – there was regular reporting of key risk events, such as safety incidents, litigation and serious incidents (as defined in the Code of Conduct). In addition to regular monitoring by the ELT and Brambles' risk management team, risks and controls were reassessed by the RCCs on a regular basis. The outcome of those assessments and details of progress in implementing risk improvement programs were signed off by Group Presidents and reported to the Group Vice President, Taxation & Risk. In addition, a report on the effectiveness of the management of business risks was provided to the ELT and the Board. The effectiveness of specific business risk controls and risk improvement programs was also periodically reviewed by internal audit as part of the FY12 internal audit program, and the results reported to the Audit Committee (see section 7.2.2).

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

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

7.2.2. Internal audit function

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

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

7.2.3. Risk Management Committee

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

7.3. CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER DECLARATION

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

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1. ESTABLISH A REMUNERATION COMMITTEE

8.1.1. Purpose of the Remuneration Committee

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

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

8.1.2. Charter

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

8.1.3. Responsibilities of the Remuneration Committee

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

- determining and agreeing with the Board the broad policy for the remuneration of the Chairman of the Board, the Chief Executive Officer and other members of the senior executive team, and reviewing the ongoing appropriateness and relevance of the executive remuneration policy;
- determining the remuneration for the Executive Directors and the Company Secretary, reviewing the proposed remuneration for the senior executive team, ensuring that contractual terms on termination, and any payments made, are fair to the individual and Brambles, that failure is not rewarded and that the duty to mitigate loss is fully recognised, and, in determining such packages and arrangements, giving due regard to all relevant regulations and associated guidance;
- insofar as they impact on the Executive Directors and the senior executive team, approving the design of, and determining targets for, all cash-based executive incentive plans, and approving the total proposed payments from all such plans;
- keeping all equity-based plans under review in light of legislative, regulatory and market developments, determining each year whether awards will be made under such plans and whether there are exceptional circumstances which allow awards at other times, approving total proposed awards under each plan, approving awards to Executive Directors and reviewing awards made to the senior executive team;
- annually reviewing and taking account of the remuneration trends across Brambles in its main markets, reviewing and making recommendations to the Board on remuneration by gender and advising on any major changes in employee benefit structures throughout Brambles;
- reviewing the funding and performance of Brambles' retirement plans and reporting to the Board;
- selecting, appointing and setting the terms of reference for external remuneration consultants who advise the Committee or Brambles in respect of the remuneration of the Executive Directors and other key management personnel as outlined in the Remuneration Report; and
- monitoring the Group's policy of equal remuneration for equal work value, regardless of gender, by receiving an annual report on remuneration by gender across the Group, and otherwise reviewing and making recommendations to the Board on remuneration by gender.

8.1.4. Remuneration policy

Details of Brambles' remuneration policy can be found in the Directors' Report – Remuneration Report on pages 47 to 49 and 57.

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

In 2011 the Remuneration Committee and the Board monitored the progress of legislative changes to the Act concerning director and executive remuneration, and, where not already in place, made preparations to comply with the new rules on voting, disclosure, engagement of remuneration consultants and hedging of remuneration which took effect in FY12.

8.2. STRUCTURE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is comprised entirely of Non-executive Directors, all of whom are independent. Luke Mayhew (Committee Chairman), Tony Froggatt and Graham Kraehe were members of the Remuneration Committee throughout the Year; Tahira Hassan and Brian Schwartz, independent Non-executive Directors became members of the Remuneration Committee on 1 March 2012. Tony Froggatt retired from the Committee on 1 August 2012 due his appointment to the Audit Committee earlier in the Year. The Remuneration Committee meets at least three times a year. Details of the number of Remuneration Committee meetings held during the Year and attendance at those meetings, are set out in the Directors' Report – Other Information on page 64.

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

8.3. COMPARISON OF REMUNERATION STRUCTURES

There is a clear distinction between the structure of Non-executive Directors' remuneration and that of the Executive Directors and executive management. Brambles has taken account of the guidelines for executive remuneration packages in Box 8.1 of the CGPR and the guidelines for Non-executive Director remuneration in Box 8.2 of the CGPR. Further details can be found in the Directors' Report – Remuneration Report on pages 47 to 49 and 57.

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

Principle/Recommendation		Reference
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
Recommendation 1.1	Role of the board and management	Corporate Governance Statement: 1.1
Recommendation 1.2	Performance evaluation of senior executives	Corporate Governance Statement: 1.2
Recommendation 1.3	Companies should provide the following information in the corporate governance statement:	
	- an explanation of any departures from Recommendations 1.1, 1.2 or 1.3	Not applicable
	- whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed	Corporate Governance Statement: 1.2
	A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section	www.brambles.com See "Corporate Governance", "Charters & Related Documents"
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
Recommendation 2.1	Independent directors	Corporate Governance Statement: 2.1
Recommendation 2.2	Independent chairman	Corporate Governance Statement: 2.2
Recommendation 2.3	Roles of chairman and chief executive officer	Corporate Governance Statement: 2.3
Recommendation 2.4	Nomination committee	Corporate Governance Statement: 2.4
Recommendation 2.5	Process for evaluating the performance of the board, its committees and directors	Corporate Governance Statement: 2.5
Recommendation 2.6	Companies should provide the following information in the corporate governance statement:	Corporate Governance Statement:
	- the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report	2 and Board and Executive Leadership Team, pages 29 to 32.
	- the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds	2.1.2.
	- the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships	2.1.2.
	- a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company	2.1.1.
	- a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board	2.4.5.
	- the period of office held by each director in office at the date of the annual report	2.1.2.
	- the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out	2.4.3 and Directors' Report – Other Information, page 64.
	- whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed	2.5
	- an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors	www.brambles.com See "Corporate Governance", "Charters & Related Documents".
	- the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee - the board's policy for the nomination and appointment of directors	www.brambles.com See "Corporate Governance" and "Charters & Related Documents".

Principle/Recommendation		Reference
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
Recommendation 3.1	Establish a code of conduct	Corporate Governance Statement: 3.1
Recommendation 3.2	Establish a diversity policy	Corporate Governance Statement: 3.2
Recommendation 3.3	Gender diversity objectives	Corporate Governance Statement: 3.3
Recommendation 3.4	Gender diversity reporting	Corporate Governance Statement: 3.4
Recommendation 3.5	An explanation of any departures from Recommendations 3.1, 3.2. 3.3, 3.4 or 3.5 should be included in the corporate governance statement	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- any applicable code of conduct or a summary - the diversity policy or a summary of its main provisions	www.brambles.com See "Corporate Governance" and "Charters & Related Documents".
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
Recommendation 4.1	Establish an audit committee	Corporate Governance Statement: 4.1
Recommendation 4.2	Structure of the audit committee	Corporate Governance Statement: 4.2
Recommendation 4.3	Audit committee charter	Corporate Governance Statement: 4.3
Recommendation 4.4	Companies should provide the following information in the corporate governance statement:	
	- the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out - the number of meetings of the audit committee	Corporate Governance Statement: 4.2.3 and Directors' Report – Other Information, page 64.
	- an explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners - the audit committee charter	Corporate Governance Statement: 4.4 and www.brambles.com See "Corporate Governance" and "Charters & Related Documents".
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE		
Recommendation 5.1	Establish a continuous disclosure policy	Corporate Governance Statement: 5.1
Recommendation 5.2	An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement	Not applicable
	The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section	www.brambles.com See "Corporate Governance", "Charters & Related Documents", "Brambles Code of Conduct (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS		
Recommendation 6.1	Establish a communications policy	Corporate Governance Statement: 6.1
Recommendation 6.2	An explanation of any departures from Recommendations 6.1 or 6.2 should be included in the corporate governance statement	Not applicable
	The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section	www.brambles.com See "Corporate Governance", "Charters & Related Documents", "Brambles Code of Conduct" (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).

Principle/Recommendation		Reference
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
Recommendation 7.1	Establish policies for the oversight and management of material business risks	Corporate Governance Statement: 7.1
Recommendation 7.2	Reporting on effective management of material business risks	Corporate Governance Statement: 7.2
Recommendation 7.3	Chief Executive Officer and Chief Financial Officer declaration	Corporate Governance Statement: 7.3
Recommendation 7.4	Companies should provide the following information in the corporate governance statement:	
	- an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4	Not applicable
	- whether the board has received the report from management under Recommendation 7.2	Corporate Governance Statement: 7.2
	- whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3	Corporate Governance Statement: 7.3
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- a summary of the company's policies on risk oversight and management of material business risks	www.brambles.com See "Corporate Governance", "Risk Management".
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
Recommendation 8.1	Establish a remuneration committee	Corporate Governance Statement: 8.1
Recommendation 8.2	Structure of the remuneration committee	Corporate Governance Statement: 8.2
Recommendation 8.3	Comparison of remuneration structures	Corporate Governance Statements: 8.3 and Directors' Report – Remuneration Report pages 47 to 49 and 57.
Recommendation 8.4	Companies should provide the following information in the corporate governance statement or a clear cross reference to the location of the material:	
	- the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out	Corporate Governance Statement: 8.2 and Directors' Report – Other Information, page 64.
	- the existence and terms of any schemes for retirement benefits, other than superannuation, for Non-executive Directors	Not applicable
	- an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
	- the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee	www.brambles.com See "Corporate Governance" and "Charters & Related Documents".
	- a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes	www.brambles.com See "Corporate Governance" and "Charters & Related Documents", "Brambles Code of Conduct" (which incorporates the Securities Trading Policy as Schedule 9).

Despite the ongoing challenges of global economic conditions during FY12, Brambles delivered sales revenue and Underlying profit growth in line with the forecasts the Company made in August 2011. As a consequence:

- Short Term Incentive bonuses were around target level; and
- 2009 Long Term Incentive awards will partially vest.

Brambles continued to manage salaries and Non-executive Directors' fees closely in FY12.

- Base salary increases across the Group, including for the Executive Leadership Team (ELT), have generally been modest at around 3% to 4%. Early in the financial year, the Chief Executive Officer (CEO) received a significant one-off increase to his base salary following the Board's assessment both of his performance and contribution during his first year in that role and external benchmarks. He had received only a modest increase to his base salary as Group President of CHEP EMEA on his appointment as CEO. The increase in his base salary for FY13 will fall back in line with the average increases for senior executives across the Group; and
- A market rate increase of 4% was applied to Non-executive Directors' fees, including the Chairman's fees.

The Company will be seeking shareholder approval at the 2012 Annual General Meeting to increase the maximum annual aggregate remuneration that may be paid to Non-executive Directors (the Non-executive Directors' fee pool). This was last set in August 2006. The proposed increase from US$2.30 million to US$2.75 million will enable Brambles, if appropriate, to consider the appointment of an additional Director and to allow for market rate increases to Non–executive Directors fees over the next several years.

There were some changes to the ELT during the Year, largely as a result of a major reorganisation of the Group's pallet, crate and container pooling businesses; Jean Holley (Group Chief Information Officer) and Jason Rabbino (Group President, Containers) joined the ELT and three members of the ELT, Jim Ritchie (Group President, CHEP Americas), Jasper Judd (Group Senior Vice President & Head of Innovation) and Kevin Shuba (Group Senior Vice President, Containers Americas), left the Group.

During June 2012, Brambles announced the retirement of Chief Financial Officer (CFO) Greg Hayes and the appointment of Zlatko Todorcevski as the new CFO. Mr Hayes will continue with the Group until March 2013.

All departures have been managed under the provisions of the relevant executives' employment contracts and within the existing executive termination legislation.

After deciding to place its global Recall information management business for sale early in the Year, Brambles announced during June 2012 that, following an extensive process, it would not be divesting the business as the offers from bidders did not reflect its value or provide sufficient certainty that a sale could be completed. As a result retention arrangements have been put in place for a select number of senior Recall executives.

Each year, we aim to improve the clarity and transparency of the Remuneration Report. In this year's Remuneration Report we have included changes that are required under Corporations Act, together with some best practice additions based on guidance from ASIC. We have also introduced a clearer explanation of the link between our remuneration plans and business strategy and we have refined the graph in Section 3.3 showing the proportion of total remuneration in the Year against the maximum potential remuneration for key senior executives.

In implementing Brambles' remuneration policy, the Committee's primary focus has been to align executive remuneration with business performance and the creation of shareholder value. The Company also seeks to remunerate all employees within the Brambles Group fairly; we see equal remuneration for equal work value, regardless of gender, as being a key principle of our global remuneration policy.

We remain confident that our approach to remuneration continues to be in line with the Company's policy, business strategy and shareholder interests. We are not proposing or planning any changes to the Share Plan Rules. However, each year we do set new stretch targets that executives need to achieve to obtain maximum potential remuneration.

Luke Mayhew

Non-executive Director & Chairman of the Remuneration Committee

CONTENTS

1. BACKGROUND

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

Brambles' Key Management Personnel are:

(a) its Non-executive Directors;

(b) its Executive Directors; and

(c) other Group executives who have authority and responsibility for planning, directing and controlling the activities of the Group. The Remuneration Committee has determined that executives coming within this category comprise those who, for some or all of the year ending 30 June 2012 (Year), were members of the Executive Leadership Team (ELT) of Brambles.

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

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

2. REMUNERATION COMMITTEE

The Remuneration Committee (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 the Disclosable Executives and the Company Secretary and reviewing the remuneration policy and individual arrangements for other executives.

During the Year, the members of the Remuneration Committee were Luke Mayhew (Committee Chairman), Tony Froggatt, Graham Kraehe, Tahira Hassan (from 1 March 2012) and Brian Schwartz (from 1 March 2012)[1].

Details of the Committee's Charter, and the rules of Brambles' executive and employee share plans can be found on www.brambles.com under "Corporate Governance", "Charters & Related Documents".

3. REMUNERATION POLICY AND STRUCTURE

The Board has adopted a remuneration policy for the Group which is consistent with its business objectives and designed to attract and retain high calibre executives, align executive rewards with the creation of shareholder value, and motivate executives to achieve challenging performance targets.

When setting and reviewing remuneration levels for Disclosable Executives, the Committee considers the experience, responsibilities and performance of the individual and takes into account market data relevant to the individual's role and location, as well as Brambles' size, geographic spread and complexity. The Group's remuneration policy is to set pay around the median level of remuneration but to provide upper quartile total potential rewards for outstanding capability and performance.

3.1 FIXED AND AT RISK REMUNERATION

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

Fixed remuneration generally consists of base salary and benefits.

The benchmarks used for setting fixed remuneration for the Year were major listed companies in the US, Australia and Europe, whose market capitalisation and revenue levels were between 50% and 200% of Brambles' 12 month average market capitalisation and revenue as of 30 June 2011. Based on these benchmarks, Fixed remuneration for most Disclosable Executives increased by between 3% and 4% during the Year.

Early in the Year, following his first 12 months as CEO, Mr Gorman received an increase in his base salary to A$2,000,000 per annum, a superannuation allowance of 15% of base salary, and a A$30,000 car allowance. In total, this represented a 21% increase on his previous fixed remuneration of A$1,926,000 per annum.

Mr Hayes received a 10.7% increase in his base salary.

Brambles' remuneration framework is underpinned by its banding structure. This classifies roles into specific bands; each band incorporating roles which have broadly equivalent work value. Pay ranges for each band are determined under the same framework globally and are based on the local market rates for the roles falling within each band. This provides a sound basis for delivering a non-discriminatory pay structure for all Group employees. From FY12, the Committee receives an annual report on remuneration by gender to enable it to monitor remuneration equity across the Group.

As a global group, Brambles operates an international mobility policy which can include the provision of housing, payment of relocation costs and other location adjustment expenses where appropriate.

In addition to Fixed remuneration, a significant element of Disclosable Executives' total potential reward is required to be At Risk.

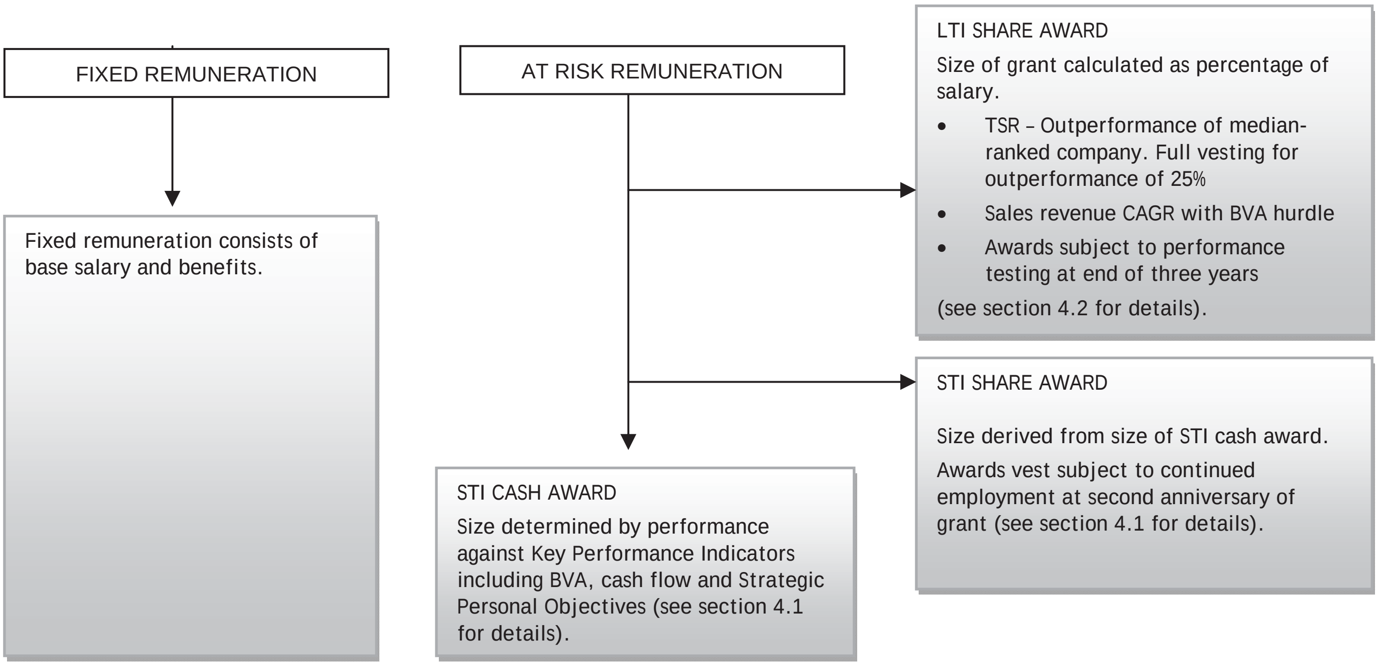
This means that an individual's maximum potential remuneration will be achieved only in circumstances where they have met challenging objectives in terms of Brambles' overall financial performance, returns for all shareholders and strategic objectives. The proportion of Disclosable Executives' remuneration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

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

The remuneration structure and the key features of Fixed and At Risk remuneration are summarised in the chart below. The application of the At Risk element of remuneration is further described in in section 4.

[1] Each of them is an independent Non-executive Director (see section 2.1.2 of the Corporate Governance Statement on page 34. Mr Froggatt retired from the Committee on 1 August 2012.

REMUNERATION STRUCTURE



3.2 REMUNERATION AND THE LINK TO BUSINESS STRATEGY

Brambles has adopted a growth strategy of strengthening its global equipment pooling and information management services businesses. This strategy is underpinned by:

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

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

- **Business performance –** profitable growth is emphasized by both the use of Brambles Value Added (BVA) as a key performance condition in STI cash awards and the use of compound annual growth rate (CAGR) sales targets (with BVA hurdles) as one of the two key performance conditions which must be satisfied for LTI share awards to vest. The generation of cash and the effective use of capital are reinforced through the setting of cash flow targets for STI cash awards.
- **High calibre executives** – remuneration packages for executives are designed to be competitive to assist Brambles in attracting talented managers and to reward strong performance. The award of a significant proportion of executives' STI awards as shares which do not vest for two years helps retain good performers.
- **Strategic goals** – each year, a part of an executive's STI cash award is subject to the achievement of specific personal objectives. These include objectives focussed on the delivery of Brambles' strategy such as safety performance, development of new markets, customer satisfaction, product and service innovation, employee engagement, productivity improvements and development of future potential senior executives.
- **Sustainable shareholder returns** – each of the above three elements support the delivery of sustainable returns to shareholders. In addition, there is a direct alignment of executive rewards to the creation of shareholder value through the use of relative total shareholder return (TSR) performance conditions, to which the vesting of half of all LTI awards granted since 2010 are subject.

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

Definitions of the BVA, TSR and CAGR measurements and the methods by which they are calculated are included in the Glossary on pages 139 and 140.

3.3 REMUNERATION MIX FOR DISCLOSABLE EXECUTIVES

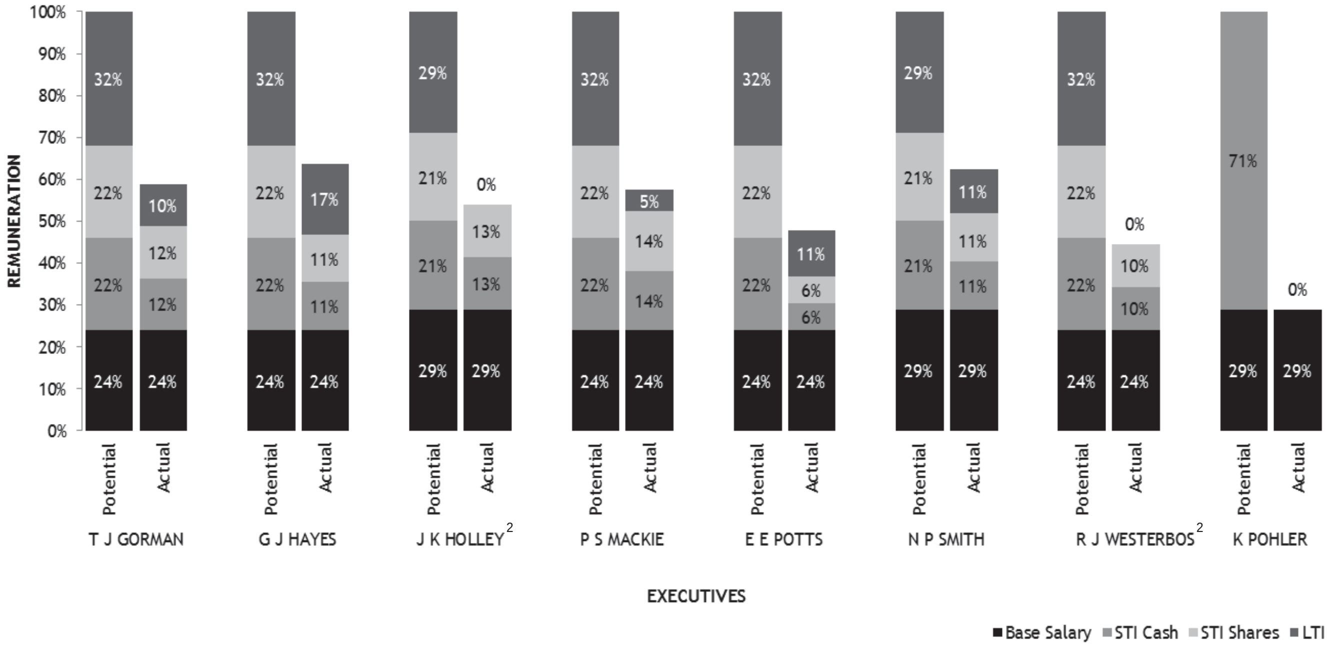
Brambles' executive remuneration mix is heavily tied to performance. At Risk remuneration represents approximately 71% to 76% of the Disclosable Executive's remuneration package (based on maximum performance for STI cash awards and using the fair market value for STI and LTI share awards).

The graph on page 49 illustrates the level of actual remuneration received by Disclosable Executives compared with their maximum potential remuneration. Maximum potential remuneration is the Disclosable Executive's base salary plus his or her STI cash award and STI share award assuming maximum level of performance (see section 4.1) and full vesting of all LTI share awards.

In relation to the actual column:

- Base salary – this is fixed remuneration for FY12;
- STI cash – this represents the STI cash award received in respect to FY12 performance (see section 4.1);
- STI shares – this is the deferred STI share award earned and deferred in respect to FY12 performance (see section 4.1); and
- LTI – this shows the proportion of the 2009-2012 LTI share award which will vest in FY13 (see section 4.2).

The Potential column represents the maximum value of each element of remuneration that could have been received in each case by the individual executive for FY12. Jason Rabbino did not participate in any incentive plans in 2012 as he commenced in the last quarter of the year making him ineligible to participate. His remuneration mix for FY12 was therefore 100% fixed remuneration.



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

The market value at the date of grant of all equity awards made to any person in any financial year should not normally (and did not during the Year) exceed two times their base salary. All the incentive plans under which awards to Disclosable Executives are still to vest or be exercised are summarised in sections 9.2 and 9.3.

4. PERFORMANCE OF BRAMBLES AND AT RISK REMUNERATION

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

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

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

4.1 STI KEY PERFORMANCE INDICATORS

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

Financial KPIs

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

The STI financial KPIs chosen for the Year were BVA and cash flow from operations (Cash Flow), plus (for the CEO and the CFO) profit after tax (PAT). For Pallets, Containers and Recall Group Presidents, KPIs were Brambles BVA and their respective business unit's BVA and Cash Flow. A definition of BVA, PAT and Cash Flow and how they are calculated is included in the Glossary on pages 139 to 140.

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

The key levels of performance possible against each of the financial KPIs relevant to the STI awards for the Year were: Threshold (the minimum necessary to qualify for the awards); Target (where the performance targets have been met); and Maximum (where the targets have been significantly exceeded, and the related rewards have reached their upper limit).

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

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

[2] Jean Holley and Dolph Westerbos commenced after the allocation of Long Term Incentives in 2009 and as such did not receive any LTI payment in respect to 2009-2012. The maximum figure shown includes the LTI Award that they would have received if they had been employed when the award was granted.

Performance against financial KPIs in 2012

KPIs[3]	Level of performance achieved during the Year[4]
Brambles BVA	Between Threshold and Target
Brambles PAT	Between Threshold and Target
Brambles Cash Flow	Achieved Target
CHEP Americas BVA	Between Target and Maximum
CHEP Americas Cash Flow	Achieved Target
CHEP EMEA APAC BVA	Between Threshold and Target
CHEP EMEA APAC Cash Flow	Below Threshold at mid-year but achieved Year-end Target
Recall BVA	Below Threshold
Recall Cash Flow	Below Threshold
IFCO EBITDA	Below Threshold
IFCO Cash Flow	Below Threshold

Non-financial KPIs

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

- Brambles safety is measured by Brambles Injury Frequency Rate (BIFR)[5]. BIFR targets for each business unit and the Group as a whole are set each Year and incorporated into Disclosable Executives non-financial KPIs. Brambles regards the safety of its people as a major priority and the ELT has Group-wide oversight of the Zero Harm environment. This means that all ELT members will lose STI entitlement under their safety objective if a fatality occurs anywhere in the Brambles Group.
- Business strategy and growth includes the implementation of clearly specified strategic initiatives allocated to individual ELT members, for example further new business acquisitions.
- Customer satisfaction and retention are mainly measured using the Net Promoter Score (NPS)[6] system. NPS targets are set for each year and performance measured against the achievement of those targets.
- People and talent management metrics relate to the development of future leaders in Brambles as well as succession planning for critical roles.

A summary of the components and weighting of KPIs for STI cash awards for Disclosable Executives, other than Karl Pohler is in the table following.

Financial KPIs						Non-Financial KPIs
Disclosable Executive	Group BVA	Business Unit BVA	Group PAT	Group Cash Flow	Business Unit Cash Flow	
CEO, CFO	30%	-	20%	20%	-	30%
Group Presidents: Pallets EMEA/Asia-Pacific and Americas, Recall	25%	25%	-	-	20%	30%
Other Disclosable Executives	40%	-	-	20%	-	40%

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

Actual STI cash payable and forfeited for year ended 30 June 2012

Name	% of maximum STI cash payable for year ended 30 June 2012	% of maximum STI cash forfeited for year ended 30 June 2012
DISCLOSABLE EXECUTIVES		
T J Gorman	56%	44%
G J Hayes	52%	48%
J K Holley	60%	40%
P S Mackie	64%	36%
K Pohler[7]	0%	100%
E E Potts	29%	71%
J D Rabbino	N/A	N/A
N P Smith	54%	46%
R J Westerbos	47%	53%
FORMER DISCLOSABLE EXECUTIVES		
J R A Judd	58%	42%
J D Ritchie	0%	100%
K J Shuba	38%	62%

3 Definitions of BVA, PAT, Cash flow from operations and EBITDA measurements and the methods by which they are calculated are included in the Glossary on pages 139 and 140.

4 Financial targets set for the forthcoming financial year under Brambles' incentive plans will not constitute profit forecasts and the Board is conscious that their publication may therefore be misleading. Accordingly Brambles does not publish in advance the coming year's financial targets for incentive purposes. Brambles' BVA performance for the Year is however, set out on page 11.

5 A definition of BIFR is included in the Glossary on page 139 and reporting of the Group's BIFR performance is included in the Sustainability Review on page 24.

6 An explanation of the Group's use of NPS is included in the Sustainability Review on page 17.

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

4.2 LTI SHARE AWARDS

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

Details of the LTI share awards granted to Disclosable Executives and the performance hurdles which apply to each of the awards are set out in section 9.2 and 9.3. The table in section 4.2.2 illustrates the relationship between Brambles' remuneration policy and performance, showing the level of vesting of LTI share awards during the Year and the previous four financial years.

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

4.2.1 LTI SHARE AWARD PERFORMANCE CONDITIONS

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

For LTI share awards granted during and prior to the 2009 financial year, the performance measure was Brambles' TSR ranking relative to the ASX 100 over the applicable Performance Period.

To allow a greater focus on profitable growth whilst retaining a shareholder value metric, LTI share awards granted from the 2009 financial year onwards, have two sets of performance conditions, each with equal weighting.

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

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

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

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

The table below is the sales revenue CAGR/BVA matrix for LTI share awards made during the Year.

LTI performance matrix for financial years 2012 to 2014

Vesting %	Cumulative three year BVA US$M at fixed June 2011 FX rates		
Sales revenue CAGR*	**850**	**1,050**	**1,250**
5%	–	20%	40%
6%	20%	40%	60%
7%	40%	60%	80%
8%	60%	80%	100%
9%	80%	100%	100%
10%	100%	100%	100%

*Three year CAGR over base year

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

The following tables detail actual performance against the applicable performance condition for LTI share awards made during the five financial years indicated. The first table also contains data on the level of vesting of "Enhanced STI share awards", which were STI share awards granted under the 2006 Share Plan prior to its amendment in November 2008 and were subject to a relative TSR performance condition.

Level of vesting of LTI and Enhanced STI share awards based on TSR performance

				Period to 30 June 2011	Period to 30 June 2012
Awards made during financial year	**Performance condition**	**Start of Performance Period**	**Ranking (out of 100)/ Out-performance of median company's TSR return (%)**	**Vesting triggered (% of original award)**	**Vesting triggered (% of original award)**
2008[8]	Relative TSR[9]	1 July 2007	68[9]	**0%** Enhanced STI awards **0%** LTI awards	N/A
2009[10]	Relative TSR[11]	1 July 2008	6.30[11]	**57.8%** LTI awards	N/A
2010[10]	Relative TSR[11]	1 July 2009	6.29[11]	N/A	**55.1%** LTI Award

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

				Period to 30 June 2012
Awards made during financial year	**Performance condition**	**Start of Performance Period**	**Out-performance of median company's TSR return (%)**	**Vesting if current performance is maintained until earliest testing date (% of original award)**
2011[10]	Relative TSR[11]	1 July 2010	9.01[11]	61.6% LTI Awards
2012[10]	Relative TSR[11]	1 July 2011	4.25[11]	50.2% LTI Awards

Level of vesting of LTI share awards based on sales revenue CAGR and BVA performance
The following table provides details for the actual performance of LTI share awards against the applicable sales revenue CAGR/BVA matrix for those awards granted in 2009 and 2010 and which have been tested.

Awards made during financial year	Performance condition	Start of Performance Period	Period to 30 June 2011 Vesting triggered (% of original award)	Period to 30 June 2012 Vesting triggered (% of original award)
2009[10]	Sales CAGR/BVA	1 July 2008	**0.00%** LTI awards	N/A
2010[10]	Sales CAGR/BVA	1 July 2009	N/A	**30.00%** LTI Award

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

Awards made during financial year	Performance condition	Start of Performance Period	Period to 30 June 2012 Vesting if current performance is maintained until earliest testing date (% of original award)
2011[10]	Sales CAGR/BVA	1 July 2010	50% LTI Awards
2012[10]	Sales CAGR/BVA	1 July 2011	60% LTI Awards

The changes to the Company's structure over the 2009-2012 performance period has required the Board Remuneration Committee to consider a range of issues including the performance of the new businesses when determining the outcome in terms of LTI share awards.

Over the course of the 3-year performance period from 1 July 2009 to 30 June 2012, the Company has undergone major structural change, including the acquisition of IFCO and a number of smaller businesses. The Committee has determined that overall a threshold level of performance was achieved, and accordingly that LTI share awards under this element of the LTI plan would vest at 30%.

[8] These performance share rights were granted under the 2006 Share Plan prior to its amendment in November 2008. Rights under this Plan vest on the third anniversary of their grant date subject to meeting a relative TSR performance condition. If the performance condition is not met the rights will lapse.
[9] The average ranking of the Company's TSR against the S&P/ASX100 Index.
[10] These performance share rights were granted under the 2006 Share Plan. Rights under this Plan vest on the third anniversary of their grant date. 50% of the award will vest subject to meeting a relative TSR performance condition. The balance of the award will vest subject to three year sales revenue CAGR and BVA performance. The vesting matrix for this component of the award made during the 2012 financial year is detailed at section 4.2.1.
[11] Percentage out-performance of the median company's TSR return against the S&P/ASX100 Index.

4.3 CHANGES TO EXECUTIVE AND EMPLOYEE SHARE PLAN RULES

STI and LTI share awards are granted under the 2006 Share Plan. At the 2011 AGM, shareholders approved the following changes to the 2006 Share Plan rules.

1. Previously, the 2006 Share Plan rules provided that 50% of Disclosable Executives' STI cash awards were deferred into STI share awards that vested three years after they were granted. While the level of deferral remains at 50%, the vesting period for STI share awards granted during August 2011 and thereafter is two years from the date of grant.
2. Participants in the 2006 Share Plan (including Disclosable Executives) are treated as "good leavers" unless they voluntarily resign or are terminated for poor performance or misconduct.
3. The Board was granted discretion under the 2006 Share Plan rules to "clawback" unvested share awards in the event of serious misconduct by management which undermines materially the Group's performance, financial soundness and reputation. These events include misrepresentations or material misstatements due to errors, omissions or negligence.

5. EMPLOYEE SHARE PLAN

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

Since the initial launch, more than 3,000 Brambles employees from around 40 countries have elected to participate in MyShare. MyShare employee participants as a group are now our 25th largest shareholder. The number of shares purchased by employees (Acquired Shares) as at 30 June 2012 was 818,638, excluding shares received under the Dividend Share Program (Dividend Shares). At the end of March 2012, Brambles issued 447,889 shares to employees, being a matching number of shares (Matching Shares) to those purchased and held by employees for the two year period.

In 2012, MyShare was offered for the first time to employees in newly acquired businesses including Driessen and JMI. In 2013, the offer will be extended to include Paramount Pallet's employees.

Disclosable Executives are eligible to participate in MyShare. Acquired Shares, Dividend Shares and Matching Shares obtained by Disclosable Executives through MyShare are included in section 6.5 and 6.6. Matching share rights allocated, but not yet vested as Matching Shares (Matching Awards), are shown in section 6.4.

6. EXECUTIVE DIRECTORS AND DISCLOSABLE EXECUTIVES

6.1 EXECUTIVE DIRECTOR CHANGES

During the Year there were no changes to Brambles' Executive Directors. On 4 June 2012, however, the Company announced the retirement of Greg Hayes, CFO as an Executive Director. He will retire from the Brambles Board effective 1 October 2012 but will remain a Brambles employee until 1 March 2013.

6.2 SERVICE CONTRACTS

Current 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. The termination provisions for Jim Ritchie, Kevin Shuba and Jasper Judd include payments in lieu of notice calculated by reference to annual base salary and health insurance benefits. 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[12], executives remunerated on a base salary approach receive pension contributions of 15% of base salary.

During the Year, Jim Ritchie, Jasper Judd and Kevin Shuba ceased employment in accordance with the terms and conditions of their contracts.

Contract terms for executives

Name and role(s)	Salary as at 30 June 2012 unless indicated
DISCLOSABLE EXECUTIVES	
T J Gorman CEO	Base salary of A$2,000,000
G J Hayes[13] CFO	Base salary of A$1,550,000
J K Holley Group Chief Information Officer from 6 September 2011	Base salary of US$425,000
P S Mackie Group President, Pallets, Americas	Base salary of US$638,000
K Pohler Group President, RPCS	Base salary of €850,000
E E Potts Group President & Chief Operating Officer, Recall	Base salary of US$566,000
J D Rabbino Group President, Containers from 21 May 2012	Base salary of US$525,000
N P Smith Group Senior Vice President, Human Resources	Base salary of A$618,000
R J Westerbos Group President, Pallets, EMEA & Asia-Pacific	Base salary of €442,000
FORMER DISCLOSABLE EXECUTIVES	
J R A Judd Group Senior Vice President & Head of Innovation until 10 February 2012	Base salary of A$515,000
J D Ritchie Group President, CHEP Americas until 31 August 2011	Base salary of US$550,000
K J Shuba Group Senior Vice President & Customer Development Officer until 30 September 2011, when he ceased to be a member of the ELT, and thereafter Senior Vice President North American Containers until 30 June 2012	Base salary of US$530,000

[12] Mr Mackie received employer superannuation (pension) contributions of 21% of base salary for income up to £153,700 and 15% of base salary for any amount above £153,700 for the period 1 July to 30 September 2011.

[13] Mr Hayes will retire from the Brambles Group on 1 March 2013. A summary of his retirement entitlements was announced to the ASX on 4 June 2012.

6.3 TOTAL REMUNERATION AND BENEFITS FOR THE YEAR

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

		Short term employee benefits			Post-employment benefits	Other			Actual share income	
Name	Year	Cash/ salary/ fees US$'000	Cash bonus US$'000	Non-monetary benefits[14] US$'000	Super-annuation US$'000	Termination/ sign-on payments/ retirement benefits US$'000	Other US$'000	Total before equity US$'000	STI/LTI awards US$'000	Total US$'000
EXECUTIVE DIRECTORS										
T J Gorman[15]	**2012**	**2,430**	**1,043**	**296**	**-**	**-**	**21**	**3,790**	**661**	**4,451**
	2011	1,730	1,000	238	-	-	19	2,987	260	3,247
G J Hayes[15]	**2012**	**1,691**	**746**	**42**	**52**	**-**	**-**	**2,531**	**-**	**2,531**
	2011	1,339	993	5	204	-	-	2,541	-	2,541
Totals	**2012**	**4,121**	**1,789**	**338**	**52**	**-**	**21**	**6,321**	**661**	**6,982**
	2011	3,069	1,993	243	204	-	19	5,528	260	5,788
CURRENT DISCLOSABLE EXECUTIVES										
J K Holley[16]	**2012**	**408**	**158**	**75**	**24**	**133**	**11**	**809**	**-**	**809**
	2011	-	-	-	-	-	-	-	-	-
P S Mackie	**2012**	**749**	**370**	**146**	**17**	**-**	**20**	**1,302**	**171**	**1,473**
	2011	749	394	142	114	-	10	1,409	54	1,463
K Pohler[15]	**2012**	**1,133**	**-**	**37**	**9**	**-**	**6**	**1,185**	**-**	**1,185**
	2011	292	254	10	2	-	1	559	-	559
E E Potts	**2012**	**613**	**148**	**-**	**71**	**-**	**15**	**847**	**261**	**1,108**
	2011	566	249	-	77	-	18	910	59	969
J D Rabbino[16]	**2012**	**64**	**-**	**-**	**-**	**-**	**-**	**64**	**-**	**64**
	2011	-	-	-	-	-	-	-	-	-
N P Smith[15]	**2012**	**691**	**260**	**-**	**52**	**-**	**-**	**1,003**	**339**	**1,342**
	2011	624	326	2	89	-	-	1,041	6	1,047
R J Westerbos[15]	**2012**	**582**	**248**	**108**	**84**	**330**	**-**	**1,352**	**-**	**1,352**
	2011	575	268	87	81	400	-	1,411	-	1,411
FORMER DISCLOSABLE EXECUTIVES										
J R A Judd[15]	**2012**	**367**	**143**	**10**	**27**	**906**	**-**	**1,453**	**329**	**1,782**
	2011	603	266	6	76	-	-	951	88	1,039
J D Ritchie	**2012**	**95**	**-**	**-**	**32**	**616**	**4**	**747**	**-**	**747**
	2011	566	248	6	80	-	17	917	208	1,125
K J Shuba	**2012**	**588**	**183**	**-**	**74**	**602**	**19**	**1,466**	**416**	**1,882**
	2011	562	255	141	73	-	18	1,049	78	1,127
Totals	**2012**	**5,290**	**1,510**	**376**	**390**	**2,587**	**75**	**10,228**	**1,516**	**11,744**
	2011	4,537	2,260	394	592	400	64	8,247	493	8,740

[14] Non-monetary benefits include car parking, personal/spouse travel, club membership, motor vehicles, relocation and storage costs and fringe benefits tax.
[15] The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$0.9973 and EUR=US$1.3746 for 2011 to A$1=US$1.0304 and EUR=US$1.3325 respectively for 2012.
[16] These executives were appointed to their current role during the Year, as such the 2012 comparator represents part year only.

6.4 EQUITY-BASED AWARDS

The following table shows details of equity-based awards made to the Disclosable Executives during the Year. STI and LTI share awards were made under the 2006 Share Plan, the terms and conditions of which are available in sections 9.2 and 9.3 (see plan numbers 15 to 19). Matching Awards were made under MyShare, the terms and conditions of which are available in sections 9.2 and 9.3 (plan numbers 36 to 48).

		Equity-based awards	
Name	Type of award	Number	Value at grant US$'000[17]
DISCLOSABLE EXECUTIVES			
T J Gorman	STI	151,305	1,048
	LTI	392,268	2,718
	MyShare Matching	730	5
	Total	544,303	3,771
G J Hayes	STI	150,221	1,041
	LTI	274,588	1,902
	Total	424,809	2,943
J K Holley	STI	64,610	448
	LTI	61,020	423
	MyShare Matching	229	2
	Total	125,859	873
P S Mackie	STI	54,192	375
	LTI	111,208	770
	MyShare Matching	693	5
	Total	166,093	1,150
K Pohler	STI	-	-
	LTI	-	-
	Total	-	-
E E Potts	STI	34,335	238
	LTI	102,658	711
	MyShare Matching	702	5
	Total	137,695	954
J D Rabbino	STI	-	-
	LTI	-	-
	Total	-	-
N P Smith	STI	49,262	341
	LTI	90,522	627
	MyShare Matching	730	5
	Total	140,514	973
R J Westerbos	STI	39,544	274
	LTI	108,114	749
	Total	147,658	1,023
FORMER DISCLOSABLE EXECUTIVES			
J R A Judd	STI	40,263	279
	LTI	77,698	538
	MyShare Matching	483	3
	Total	118,444	820
J D Ritchie	STI	-	-
	LTI	-	-
	MyShare Matching	192	1
	Total	192	1
K J Shuba	STI	36,617	254
	LTI	98,924	685
	MyShare Matching	702	5
	Total	136,243	944

6.5 SHAREHOLDINGS

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

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

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year[18]
DISCLOSABLE EXECUTIVES			
T J Gorman	40,967	87,815	128,782[19]
G J Hayes	-	-	-
J K Holley	-	229	229[20]
P S Mackie	961	1,204	2,165[20]
K Pohler	-	-	-
E E Potts	66,607	26,452	93,059[19]
J D Rabbino	-	-	-
N P Smith	2,630	1,502	4,132[20]
R J Westerbos	101,495	-	101,495
FORMER DISCLOSABLE EXECUTIVES			
J R A Judd	79,436	-15,066	64,370[21]
J D Ritchie	60,324	-60,302	22[21]
K J Shuba	57,766	42,020	99,786[19]

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

[18] On 31 July 2012, the following Disclosable Executives acquired ordinary shares under MyShare, which are held by AET Structured Finance Services Pty Limited: Tom Gorman (67), Jean Holley (91), Peter Mackie (91), Elton Potts (91) and Nick Smith (67).

[19] Of which AET Structured Finance Services Pty Limited holds 127,344 shares for Tom Gorman, 35,905 shares for Elton Potts and 1,522 shares for Kevin Shuba.

[20] Held by AET Structured Finance Services Pty Limited.

[21] Balance at the end of the Year is at cessation of employment for Jasper Judd, who ceased employment on 10 February 2012; Jim Ritchie, who ceased employment on 31 August 2011.

6.6 INTERESTS IN SHARE RIGHTS[22]

The table below shows details of rights over Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests:

- Share rights, being awards made on 27 August 2008, 25 November 2009, 24 November 2010 and 6 September 2011 under the 2006 Share Plan; and
- Matching Awards, being conditional rights awarded during the Year under MyShare.

	Balance at the start of the Year	Granted during the Year		Exercised during the Year[23]		Lapsed during the Year		Balance at the end of the Year[24]	Vested and exerciseable at the end of the Year
Name	Number	Number[25]	Value at grant US$'000	Number	Value at exercise US$'000	Number	Value at lapse[26] US$'000	Number	Number
DISCLOSABLE EXECUTIVES									
T J Gorman	955,882	544,303	3,771	94,220	666	89,629	673	1,316,336	-
G J Hayes	735,011	424,809	2,943	-	-	-	-	1,159,820	-
J K Holley	-	125,859	873	-	-	-	-	125,859	-
P S Mackie	272,237	166,093	1,150	24,894	176	37,990	285	375,446	-
K Pohler	251,637	-	-	-	-	-	-	251,637	-
E E Potts	346,488	137,695	954	37,668	266	53,719	403	392,796	-
J D Rabbino	-	-	-	-	-	-	-	-	-
N P Smith	334,360	140,514	973	48,682	344	49,261	370	376,931	-
R J Westerbos	116,434	147,658	1,023	-	-	-	-	264,092	-
FORMER DISCLOSABLE EXECUTIVES									
J R A Judd	296,916	118,444	820	48,090	341	153,712	1,179	213,558	-
J D Ritchie	200,658	192	1	1,103	8	84,948	604	114,799	-
K J Shuba	379,094	136,243	944	60,508	427	175,775	1202	279,054	-

[22] Of the awards detailed in section 9.3 the following plan numbers are relevant to Disclosable Executives: Tom Gorman (6-14 and 17-48); Greg Hayes (10-14 and 17-19); (6-14 and 14-48) for Peter Mackie, Elton Potts and Nick Smith; Jasper Judd (6-14 and 17-43); Jim Ritchie (10-14 and 20-38); Kevin Shuba (6-8, 10-14, and 17-48); Jean Holley (15-16 and 18-19); Dolph Westerbos (12-14 and 17-19) and Karl Pohler (12). Lapses occurred for Tom Gorman, Peter Mackie, Elton Potts and Nick Smith (7 and 8). Exercises occurred for Tom Gorman, Peter Mackie, Elton Potts and Nick Smith (6-7 and 20-31); Jasper Judd (6-7 and 20-43) and Jim Ritchie (20-38).

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

[24] On 31 July 2012, the following Disclosable Executives received Matching Awards under MyShare: Tom Gorman (67), Jean Holley (91), Peter Mackie (91), Elton Potts (91) and Nick Smith (67).

[25] During the Year 4,571,280 performance share rights were granted under the 2006 Share Plan, of which 543,573 were granted to Tom Gorman and 424,809 were granted to Greg Hayes. 714,705 Matching Awards were granted under MyShare during the Year, of which 730 were granted to Tom Gorman. Approval for these issues of securities was obtained under ASX Listing Rule 10.14 at the AGM held on 10 November 2011.

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

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. Fees are paid in the currency in the country of domicile.

A review of Non-executive Director and Board Chairman fees was undertaken in 2012 to ensure the fees remained in line with market practice, resulting in an increase of 4%.

The review established the following fee structure:

Chairman	A$587,000
Australia-based Non-executive Directors	A$187,000
UK-based Non-executive Directors[27]	£86,500
Canada-based Non-executive Director[28]	C$194,500
USA-based Non-executive Director[29]	US$191,500
Fee supplement for Audit Committee Chairman[30]	A$36,000
Fee supplement for Remuneration Committee Chairman [30]	£22,000
Travel allowance for Canada-based Director	C$16,000
Travel allowance for UK-based Directors	£10,000
Travel allowance for USA-based Director	US$16,000

The next fee review will be undertaken during January 2013.

The Company will be seeking shareholder approval to increase the maximum annual aggregate remuneration of Non-executive Directors (the Non-executive Directors' fee pool) at the 2012 Annual General Meeting. The Non-executive Directors' fee pool was last set in August 2006. The proposed increase from US$2.30 million to US$2.75 million will enable Brambles to consider the appointment of an additional director if appropriate and to allow for market rate increases, if appropriate, to Non-executive Directors fees over the next several years.

7.2 NON-EXECUTIVE DIRECTORS' APPOINTMENT LETTERS

Directors are appointed for an unspecified term but are subject to election by shareholders at the first AGM after their initial appointment by the Board. The Corporate Governance Statement contains details of the process for appointing and re-electing Non-executive Directors and of the years in which the Non-executive Directors are next due for re-election by shareholders (see pages 34, 35 and 36).

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

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

7.3 NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

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

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

[27] David Gosnell and Luke Mayhew are UK based Non-executive Directors.
[28] Tahira Hassan is the only Canada based Non-executive Director.
[29] Doug Duncan is the only USA based Non-executive Director.
[30] The fee supplement is only payable to a Committee Chairman who is not also the Board Chairman.

Table 7.3 Non-executive Directors' remuneration for the Year

		Short term employee benefits	Post-employment benefits		
Name	**Year**	**Directors' fees US$'000**	**Superannuation US$'000**	**Other[31] US$'000**	**Total[32] US$'000**
CURRENT NON-EXECUTIVE DIRECTORS					
D G Duncan	**2012**	**88**	**4**	**17**	**109**
	2011	-	-	-	-
A G Froggatt[33]	**2012**	**176**	**13**	**8**	**197**
	2011	164	12	-	176
D P Gosnell	**2012**	**81**	**3**	**3**	**87**
	2011	-	-	-	-
T Hassan	**2012**	**109**	**5**	**8**	**122**
	2011	-	-	-	-
S P Johns[33]	**2012**	**214**	**12**	**12**	**238**
	2011	211	16	1	228
S C H Kay[33]	**2012**	**173**	**16**	**6**	**195**
	2011	161	15	-	176
G J Kraehe AO[33]	**2012**	**579**	**22**	**53**	**654**
	2011	533	14	20	567
C L Mayhew[33]	**2012**	**178**	**6**	**9**	**193**
	2011	167	6	3	176
B M Schwartz AM[33]	**2012**	**173**	**16**	**56**	**245**
	2011	161	15	-	176
Totals	**2012**	**1,771**	**97**	**172**	**2,040**
	2011	1,397	78	24	1,499

7.4 NON-EXECUTIVE DIRECTORS' SHAREHOLDINGS

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

The following table contains details of Brambles Limited ordinary shares in which the Non-executive Directors held relevant interests, being issued shares held by them and their related parties. The Non-executive Directors do not participate in Brambles' equity-based incentive schemes.

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
CURRENT NON-EXECUTIVE DIRECTORS			
D G Duncan	-	-	-
A G Froggatt	24,890	-	24,890[34]
D P Gosnell	14,450	-	14,450[35]
T Hassan	-	8,000	8,000[36]
S P Johns	47,500	-	47,500[37]
S C H Kay	14,877	-	14,877[38]
G J Kraehe AO	63,776	-	63,776[39]
C L Mayhew	16,500	-	16,500[40]
B M Schwartz AM	13,029	-	13,029[41]

[31] "Other" includes personal/spouse travel, meals and fringe benefits tax.
[32] 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.
[33] The year-on-year comparison of remuneration is affected by the movement of exchange rates from A$1=US$0.9973 and GBP1=US$1.5941 for 2011 to A$1=US$1.0304 and GBP1=US$1.5834 for 2012.
[34] Of which 7,000 shares were held by Christine Joanne Froggatt and 10,000 shares were held by Bond Street Custodians as nominee for Jessie Elizabeth Froggatt (under a power of attorney).
[35] Held by Susan Gosnell.
[36] Held by RBC Dexia Custodian on behalf of Tahira Hassan.
[37] Of which 27,500 shares were held by Canzak Pty Ltd, and 20,000 shares were held by Caran Pty Limited.
[38] Of which 9,977 held by the Carolyn Kay Superannuation Fund.
[39] Held by Invia Custodians as trustee for the Graham John Kraehe Self Managed Superannuation Fund.
[40] Held by Roy Nominees on behalf C L Mayhew.
[41] Held by Brian Martin Schwartz & Arlene Schwartz as trustee for the Schwartz Superannuation Fund.

8. REMUNERATION ADVISORS

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

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

In 2012 the Committee reviewed the arrangement relating to the engagement of its independent, external advisor. As a result, Brambles has made the following arrangements to ensure that the making of any Recommendations would be free from undue influence by the Disclosable Executives to whom a Recommendation may relate.

- The engagement letter entered into by Brambles and Ernst & Young contained an agreed set of engagement protocols which apply to the provision of Recommendations to Brambles. These include:
  - An agreed set of pre-approved services Ernst & Young may provide Brambles management, which services excluded Recommendations;
  - Any requests to Ernst & Young from Brambles management which might constitute a Recommendation are to be referred by Ernst & Young to the Committee for its consideration and direction;
  - Ernst & Young are not permitted to provide Recommendations to Brambles' management; and
  - Ernst & Young include with their Recommendation(s) a declaration that they have not been unduly influenced by the Disclosable Executive the subject of the Recommendation;
- Representatives of Ernst & Young attend all Committee meetings;
- Except for Mr Gorman and Mr Smith, the Disclosable Executives do not attend Committee meetings;
- Mr Gorman and Mr Smith do not attend Committee meetings when their remuneration is being reviewed or discussed; and
- The Committee meets with Ernst & Young without management being present, during which time any issues or questions relating to Disclosable Executive's remuneration which are not appropriate to discuss with management present, may be discussed.

9. APPENDICES

9.1 BASIS OF VALUATION OF EQUITY-BASED AWARDS

Unless otherwise specified, the fair value of the options and share rights included in the tables in this report, has been estimated by Ernst & Young Transaction Advisory Services in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. Assumptions used in the evaluations are outlined in Note 28, pages 109 and 110 of the financial accounts.

9.2 SUMMARY OF 2006 PLANS

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

Plan	Nature of award	Size of award	Vesting condition	Vesting schedule	Performance/ vesting period	Life of award
2006 Share Plan (STI)	Share rights	Up to 100% of size of STI cash award	Time only.	100% vesting based on continuous employment.	Three years.	Maximum of six years.
2006 Share Plan (TSR LTI)	**Share rights**	**% of salary/TFR**	**Time and relative TSR hurdle.**	**40% vesting if TSR is equal to the median ranked company. 100% vesting if 25% above the median ranked company.**	**Three years.**	**Maximum of six years.**
2006 Share Plan (FY10-FY12 BVA LTI)	**Share rights**	**% of salary/TFR**	**Time and sales revenue CAGR and BVA performance.**	**30% vesting occurs if CAGR is 4% and BVA is US$800M over three year period. 100% vesting occurs if CAGR is 6% and BVA is US$1,200M over three year period.**	**Three years.**	**Maximum of six years.**
2006 Share Plan (FY11-FY13 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance.	30% vesting occurs if CAGR is 5% and BVA is US$900M over three year period. 100% vesting occurs if CAGR is 7% and BVA is US$1,300M over three year period.	Three years.	Maximum of six years.
2006 Share Plan (FY12-FY14 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance.	20% vesting occurs if CAGR is 6% and BVA is US$850M over three year period. 100% vesting occurs if CAGR is 8% and BVA is US$1,250M over three year period.	Three years.	Maximum of six years.
MyShare	**Matching Awards**	**1:1 Matching Awards for every Acquired Share purchased**	**Time and retention of Acquired Shares.**	**N/A**	**Two years from first acquisition.**	**Automatic exercise on second anniversary of first acquisition.**

9.3 SHARE RIGHTS

The terms and conditions of each grant of share rights affecting remuneration in this or future reporting periods are outlined in the table below. Share rights granted under the plans carry no dividend or voting rights.

Plan	Plan number	Grant date	Expiry date	Exercise price	Value at grant	Status/vesting date
2006 Share Plans	1	19 January 2007[42] [43]	31 August 2012	–	A$12.60	100% vested at 19 January 2010
	2	29 August 2007[42]	30 August 2013[44]	–	A$12.64	100% vested at 29 August 2010
	3	29 August 2007[45]	30 August 2013[44]	–	A$6.75	100% lapsed at 29 August 2010
	4	29 August 2007[46]	30 August 2013[44]	–	A$8.11	100% lapsed at 29 August 2010
	5	28 April 2008[42]	29 April 2014[44]	–	A$8.01	100% vested at 28 April 2011
	6	27 August 2008[42]	27 August 2014[44]	–	A$6.53	100% vested at 27 August 2011
	7	27 August 2008[46]	27 August 2014[44]	–	A$5.99	57.8% exercisable from 27 August 2011, remainder lapsed
	8	27 August 2008[47]	27 August 2014[44]	–	A$4.67	100% lapsed at 27 August 2011
	9	25 November 2009[42]	25 November 2015[44]	–	A$5.85	25 November 2012
	10	25 November 2009[46]	25 November 2015[44]	–	A$5.85	25 November 2012
	11	25 November 2009[47]	25 November 2015[44]	–	A$3.84	25 November 2012
	12	24 November 2010[48]	24 November 2016[44]	-	A$6.01	25 November 2012
	13	24 November 2010[46]	24 November 2016[44]	-	A$6.01	25 November 2013
	14	24 November 2010[47]	24 November 2016[44]	-	A$3.78	25 November 2013
	15	6 September 2011	1 August 2012[44]	-	A$6.17	1 July 2012
	16	6 September 2011	1 August 2013[44]	-	A$5.92	1 July 2013
	17	6 September 2011[48]	6 September 2017[44]	-	A$5.92	6 September 2013
	18	6 September 2011[46]	6 September 2017[44]	-	A$5.68	6 September 2014
	19	6 September 2011[47]	6 September 2017[44]	-	A$3.46	6 September 2014

[42] STI awards vest on the third anniversary of their grant date, subject to continued employment.
[43] Awards granted on 19 January 2007 were, for pricing and vesting purposes, taken to have been granted on 30 August 2006.
[44] Awards granted to Elton Potts, Tom Gorman, Kevin Shuba, Jean Holley, Peter Mackie and Jim Ritchie expire three years earlier than the date shown, or immediately after vesting, if earlier.
[45] Enhanced STI awards vest on the third anniversary of their grant date, subject to continued employment and meeting a TSR performance condition.
[46] These LTI awards vest on the third anniversary of their grant date, subject to continued employment and meeting a TSR performance condition.
[47] These LTI awards vest on the third anniversary of their grant date, subject to continuing employment and meeting a sales revenue CAGR and BVA performance condition.
[48] STI awards vest on the second anniversary of their grant date, subject to continued employment.

Plan	Plan number	Grant date	Expiry date	Exercise price	Value at grant	Status/vesting date
MyShare	20	31 March 2010[49]	1 April 2012	–	A$7.00	100% vested on 31 March 2012
	21	30 April 2010[49]	1 April 2012	–	A$6.92	100% vested on 31 March 2012
	22	31 May 2010[49]	1 April 2012	–	A$6.31	100% vested on 31 March 2012
	23	30 June 2010[49]	1 April 2012	–	A$5.13	100% vested on 31 March 2012
	24	30 July 2010[49]	1 April 2012	–	A$5.18	100% vested on 31 March 2012
	25	31 August 2010[49]	1 April 2012	–	A$5.60	100% vested on 31 March 2012
	26	30 September 2010[49]	1 April 2012	–	A$5.91	100% vested on 31 March 2012
	27	29 October 2010[49]	1 April 2012	–	A$6.00	100% vested on 31 March 2012
	28	30 November 2010[49]	1 April 2012	–	A$6.47	100% vested on 31 March 2012
	29	31 December 2010[49]	1 April 2012	–	A$6.74	100% vested on 31 March 2012
	30	31 January 2011[49]	1 April 2012	–	A$6.80	100% vested on 31 March 2012
	31	28 February 2011[49]	1 April 2012	–	A$6.68	100% vested on 31 March 2012
	32	31 March 2011[50]	1 April 2013	–	A$6.73	31 March 2013
	33	29 April 2011[50]	1 April 2013	–	A$6.48	31 March 2013
	34	31 May 2011[50]	1 April 2013	–	A$6.94	31 March 2013
	35	30 June 2011[50]	1 April 2013	–	A$6.76	31 March 2013
	36	29 July 2011[50]	1 April 2013	–	A$6.58	31 March 2013
	37	31 August 2011[50]	1 April 2013	–	A$6.30	31 March 2013
	38	30 September 2011[50]	1 April 2013	–	A$6.05	31 March 2013
	39	31 October 2011[50]	1 April 2013	–	A$6.37	31 March 2013
	40	30 November 2011[50]	1 April 2013	–	A$6.73	31 March 2013
	41	30 December 2011[50]	1 April 2013	–	A$6.80	31 March 2013
	42	31 January 2012[50]	1 April 2013	–	A$6.94	31 March 2013
	43	29 February 2012[50]	1 April 2013	–	A$6.77	31 March 2013
	44	30 March 2012[51]	1 April 2014	–	A$6.73	31 March 2014
	45	30 April 2012[51]	1 April 2014	–	A$6.97	31 March 2014
	46	31 May 2012[51]	1 April 2014	–	A$6.26	31 March 2014
	47	29 June 2012[51]	1 April 2014	–	A$5.80	31 March 2014
	48	31 July 2012[51]	1 April 2014	-	A$6.24	31 March 2014

[49] These Matching Awards granted under MyShare vest on 31 March 2012, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.
[50] These Matching Awards granted under MyShare vest on 31 March 2013, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.
[51] These Matching Awards granted under MyShare vest on 31 March 2014, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

9.4 SHARE BASED PAYMENTS – FUTURE POTENTIAL

The table below provides annual accounting values for shares granted during years 2009-2011 which have been amortised over three years. These share awards are subject to conditions set out in section 9.2. Remuneration will normally not be received as a result of the underlying share awards vesting until the conditions have been met.

			Share-based payment		
Name	**Year**	**Total before equity**[52] **US$'000**	**Awards US$'000**	**As % of 2012 total remuneration**	**Total US$'000**
EXECUTIVE DIRECTORS					
T J Gorman	**2012**	**3,790**	**1,546**	**29%**	**5,336**
	2011	2,987	823	22%	3,810
G J Hayes	**2012**	**2,531**	**1,306**	**34%**	**3,837**
	2011	2,541	500	16%	3,041
Totals	**2012**	**6,321**	**2,852**	**-**	**9,173**
	2011	5,528	1,323	-	6,851
CURRENT DISCLOSABLE EXECUTIVES					
J K Holley	**2012**	**809**	**194**	**19%**	**1,003**
	2011	-	-	-	-
P S Mackie	**2012**	**1,302**	**469**	**26%**	**1,771**
	2011	1,409	217	13%	1,626
K Pohler	**2012**	**1,185**	**465**	**28%**	**1,650**
	2011	559	109	16%	668
E E Potts	**2012**	**847**	**463**	**35%**	**1,310**
	2011	910	300	25%	1,210
J D Rabbino	**2012**	**64**	**-**	**0%**	**64**
	2011	-	-	-	-
N P Smith	**2012**	**1,003**	**481**	**32%**	**1,484**
	2011	1,041	279	21%	1,320
R J Westerbos	**2012**	**1,352**	**301**	**18%**	**1,653**
	2011	1,411	80	5%	1,491
FORMER DISCLOSABLE EXECUTIVES					
J R A Judd	**2012**	**1,453**	**690**	**32%**	**2,143**
	2011	951	269	22%	1,220
J D Ritchie	**2012**	**747**	**230**	**24%**	**977**
	2011	917	394	30%	1,311
K J Shuba	**2012**	**1,466**	**440**	**23%**	**1,906**
	2011	1,049	304	22%	1,353
Totals	**2012**	**10,228**	**3,733**	**-**	**13,961**
	2011	8,247	1,952	-	10,199

Luke Mayhew
Non-executive Director & Chairman of the Remuneration Committee
16 August 2012

[52] As per table 6.3 on page 54.

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 2012 (Year).

PRINCIPAL ACTIVITIES

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

The Group's principal operations comprised four business segments: Pallets, RPCs, Containers and Recall. Pallets, RPCs and Containers are collectively known as the Pooling Solutions businesses.

The Pallets business, carried out under the name CHEP, owns a pool of pallets and containers, which it issues, collects and reissues through a network of service centres in multiple countries. Manufacturers, producers, distributors and retailers use these pallets and containers to transport their products safely and efficiently through the supply chain. In addition, CHEP provides supply chain optimisation and transport management services and, in the USA provides a national network of pallet management services, to sort, repair and reissue pallets. The Pallets segment comprises three geographic business units: Americas; Europe, Middle East & Africa; and Asia-Pacific.

The RPC business, carried out under the name IFCO, operates a pool of reusable plastic containers globally, which are used primarily to transport fresh produce from producers to grocery retailers.

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

Recall is a global business and comprises the management of information, providing secure storage, digitisation, retrieval and destruction of information in multiple media formats.

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

REVIEW OF OPERATIONS AND RESULTS

A review of the Group's operations and a review of the results of those operations are given in the Letter from the Chairman & the CEO on pages 1 to 3, the Operational & Financial Review on pages 4 to 11 and in the Treasury & Risk Review on pages 12 to 13.

Information about the financial position of the Group is included in the Operational & Financial Review on pages 4 to 11 and in the Five-Year Financial Performance Summary on page 138.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 17 August 2011, Brambles announced that following the completion of a strategic planning process, it had decided to focus on building its global Pooling Solutions business and to divest Recall.

To deliver the strategy of focussing on its global Pooling Solutions business and to optimise on efficiencies, on 17 August 2011 Brambles also announced a new management and organisation structure. The new organisation structure of three segments for the Pooling Solutions business: Pallets, RPCs and Containers took effect on 1 October 2011.

Further details of these segments are set out in the Principal Activities section of this report.

On 4 June 2012, Brambles announced that, following an extensive process, it had decided not to divest Recall and would instead retain it as the offers from bidders for Recall did not reflect its value or offer sufficient certainty that a sale could be completed.

On 4 June 2012, as a consequence of the decision to retain Recall, Brambles also announced that it would undertake a fully underwritten 1-for-20 pro rata accelerated renounceable entitlement offer to raise gross proceeds of A$448 million at an underwritten price of A$6.05 per share.

The offer comprised an institutional and a retail component. Under the institutional component, 55.0 million Brambles ordinary shares were issued on 18 June 2012, raising proceeds of approximately A$332.8 million. Under the retail component, 19.1 million Brambles ordinary shares were issued on 10 July 2012, raising proceeds of approximately A$115.3 million.

MATTERS SINCE THE END OF THE FINANCIAL YEAR

On 10 July, 2012, Brambles issued 19.1 million ordinary shares, raising proceeds of approximately A$115.3 million under the retail component of the pro-rata accelerated renounceable entitlement offer referred to in the Significant Changes in State of Affairs section of this report.

Other than this, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2012 up to the date of this Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this Report, are set out in the Letter from the Chairman & the CEO on pages 1 and 3 and in the Operational & Financial Review on pages 4 to 11. Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS

The Directors have declared a final dividend for the Year of 13.0 Australian cents per share, which will be 30% franked. The dividend will be paid on 11 October 2012 to shareholders on the register on 21 September 2012. On 12 April 2012, an interim dividend for the Year was paid, which was 13.0 Australian cents per share and 20% franked. On 13 October 2011, a final dividend for the year ended 30 June 2011 was paid, which was 13.0 Australian cents per share and 20% 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 29 to 30.

Douglas Gordon Duncan	24 January 2012 to date
Anthony Grant Froggatt	1 July 2011 to date
Thomas Joseph Gorman	1 July 2011 to date
David Peter Gosnell	14 December 2011 to date
Tahira Hassan	14 December 2011 to date
Gregory John Hayes	1 July 2011 to date
Stephen Paul Johns	1 July 2011 to date
Sarah Carolyn Hailes Kay	1 July 2011 to date
Graham John Kraehe AO	1 July 2011 to date
Christopher Luke Mayhew	1 July 2011 to date
Brian Martin Schwartz AM	1 July 2011 to date

SECRETARY

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

INDEMNITIES

Indemnities provided to Directors and officers in accordance with the constitution of Brambles Limited are detailed in Note 36 on page 132. Insurance policies are in place to cover Directors and executive officers, however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

DIRECTORS' MEETINGS

Details of the Board committee memberships are given in the Corporate Governance Statement on pages 35, 38 and 42. The following table shows the actual Board and committee meetings held during the Year and the number attended by each Director or committee member.

Directors	Board meetings											
	Regular		Special		Special Committees		Audit Committee meetings		Remuneration Committee meetings		Nominations Committee meetings	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
D G Duncan	5	5	4	4	-	-	2	2	-	-	-	-
A G Froggatt	12	12	4	4	-	-	2	2	5	5	4	4
T J Gorman	12	12	4	4	6	6	-	-	-	-	-	-
D P Gosnell	6	6	3	4	-	-	2	2	-	-	-	-
T Hassan	6	6	4	4	-	-	-	-	2	2	-	-
G J Hayes	12	12	4	4	6	6	-	-	-	-	-	-
S P Johns	12	12	4	4	5	5	6	7	-	-	4	4
S C H Kay	12	12	4	4	-	-	7	7	-	-	-	-
G J Kraehe AO	12	12	4	4	6	6	-	-	5	5	4	4
C L Mayhew	12	12	4	4	-	-	-	-	5	5	-	-
B M Schwartz AM	12	12	4	4	-	-	5	5	2	2	-	-

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

DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2009.

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

ENVIRONMENT

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

Brambles has set environmental performance targets. Reporting of performance against those targets is shown on pages 18 to 23 of the Sustainability Review. 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 is committed to achieving Zero Harm. The Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely and ensure 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 Charter and policy was rolled out to IFCO during the Year as part of the integration of IFCO into the Group.

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

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and comparison with industry benchmarks and provide incentives for improvement. Reporting on health and safety performance is shown in the Safety & Wellbeing section of the Sustainability Review on page 24.

During the Year there were, sadly, two work related fatalities in the Group, details of which are in Letter from the Chairman & the CEO on pages 1 to 3.

EMPLOYEES

Pages 24 to 26 of the Sustainability Review contain details of Brambles' performance as an employer - see the Attracting & Retaining Talent: Leadership, Employee Engagement, Training & Development and Diversity & Inclusion sections.

INNOVATION, RESEARCH AND DEVELOPMENT

Innovation, whether of an incremental or step-change nature, is integral to Brambles' growth strategy.

Brambles is focusing on three key areas: innovating to address customers' current and future needs; accelerating tomorrow's growth opportunities; and fostering and driving a culture of innovation.

In 2011, Brambles launched an Innovation Fund, which has already reviewed and funded a significant number of early-stage new business ideas.

Brambles carries out research and development activities in relation to both its Pooled Solutions and Recall businesses. These activities comprise:

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

ENVIRONMENTAL REGULATION

Except as set out below, the operations of the Group in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. The operations of the Group in Australia involve the use or development of land, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or Local government environmental and town planning regulations, or require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no material breaches of environmental statutory requirements and no material prosecutions during the Year.

Brambles' businesses comply with all relevant environmental laws and regulations and none were involved in any material environmental prosecutions during the Year.

INTERESTS IN SECURITIES

Pages 55, 56 and 58 of the Directors' Report - Remuneration Report include details of the relevant interests of Directors, and other Group Executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

SHARE CAPITAL, OPTIONS AND SHARE RIGHTS

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights outstanding over Brambles Limited ordinary shares at the Year end are given in Notes 27 and 28 on pages 108 to 110. No options, share rights or MyShare matching share rights over the shares of Brambles Limited's controlled entities were granted during or since the end of the Year to the date of this Report.

Since the end of the Year to the date of this Report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place, broken down by reference to the plan numbers shown on pages 60 to 61 of the Remuneration Report:

- 80,381 grants under the 2012 MyShare offer (plan number 48);
- 59,716 exercises: resulting in the issue of fully paid ordinary shares: 3,870 under the 2011 MyShare offer (plan numbers 32 to 43), 1,368 under the 2012 MyShare offer (plan numbers 44 to 48), 15,000 under plan 1, 5,000 under plan 2, 2,173 under plan 7 and 32,305 under plan 15; and
- 192,599 lapses: 10,933 under the 2011 MyShare offer (plan numbers 32. to 43), 6,972 under the 2012 MyShare offer (plan numbers 44 to 48), 213 under plan 10, 213 under plan 11, 29,756 under plan 13, 29,756 under plan 14, 57,378 under plan 18, and 57,378 under plan 19.

SHARE BUY-BACKS

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

RISK MANAGEMENT

A discussion of Brambles' risk profile, management and mitigation of risks can be found in the Treasury & Risk Review on pages 12 and 13 and the Corporate Governance Statement on pages 40 to 42.

TREASURY POLICIES

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found in the Treasury & Risk Review on pages 12 and 13.

NON-AUDIT SERVICES

The amount of US$2,754,000 was paid or is payable to PricewaterhouseCoopers, the Group's auditors, for non-audit services provided during the Year by them (or another person or firm on their behalf). These services primarily related to financial due diligence for the sale of Recall, services related to the pro rata accelerated renounceable entitlement offer, compliance services, regulatory reporting and tax advisory services. 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 8 August 2012 they have maintained their independence in accordance with their firm's requirements, with the provisions of APES 110 – Code of Ethics for Professional Accountants and the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Act is set out on page 137.

ANNUAL GENERAL MEETING

The AGM will be held at 2.00pm (AEDT) on 11 October 2012 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

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

G J Kraehe AO Chairman

T J Gorman CEO

16 August 2012

DIRECTORS

G J Kraehe AO
(Non-executive Chairman)

D G Duncan
(Non-executive Director)

A G Froggatt
(Non-executive Director)

T J Gorman
(Chief Executive Officer)

D P Gosnell
(Non-executive Director)

T Hassan
(Non-executive Director)

G J Hayes
(Chief Financial Officer)

S P Johns
(Non-executive Director)

S C H Kay
(Non-executive Director)

C L Mayhew
(Non-executive Director)

B M Schwartz AM
(Non-executive Director)

COMPANY SECRETARY

R N Gerrard

STOCK EXCHANGE LISTING

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

UNCERTIFICATED FORMS OF SHAREHOLDING

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

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

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

SHARE SALE FACILITY

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

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

DIVIDEND

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

ANNUAL GENERAL MEETING

The Brambles Limited 2012 AGM will be held at 2.00pm (AEDT) on 11 October 2012 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

FINANCIAL CALENDAR

Final dividend 2012

Ex dividend date – Monday, 17 September 2012

Record date – Friday, 21 September 2012

Payment date – Thursday, 11 October 2012

2013 (Provisional)

Announcement of interim results – mid February 2013

Interim dividend – mid April 2013

Announcement of final results – mid August 2013

Final dividend – mid October 2013

AGM – October 2013

ANALYSIS OF HOLDERS OF EQUITY SECURITIES AS AT 7 AUGUST 2012

Substantial shareholders

Brambles has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital(1)
Baillie Gifford	92,229,027	5.93%
Commonwealth Bank of Australia	78,659,986	5.06%

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

Number of ordinary shares on issue and distribution of holdings

	Holders	Shares
1 – 1,000	26,819	13,086,323
1,001 – 5,000	27,407	64,665,618
5,001 – 10,000	5,179	36,440,630
10,001 – 100,000	3,174	67,025,529
100,001 and over	173	1,373,951,762
Total	62,752	1,555,169,862

The number of members holding less than a marketable parcel of 79 ordinary shares (based on a market price of A$6.34 on 7 August 2012) is 1,603 and they hold a total of 65,298 ordinary shares. The voting rights of ordinary shares are described on page 70.

Number of share rights on issue and distribution of holdings

	Holders	Share rights
1 – 1,000	2,177	693,235
1,001 – 5,000	175	359,589
5,001 – 10,000	14	103,611
10,001 – 100,000	82	3,852,666
100,001 and over	34	8,271,713
Total	**2,482**	**13,280,814**

The voting rights of performance share rights and MyShare Matching Awards are described on page 70.

Twenty largest ordinary shareholders

Name	Number of ordinary shares	% of issued ordinary share capital
HSBC Custody Nominees (Australia) Limited	390,442,585	25.11%
National Nominees Limited	320,627,579	20.62%
J P Morgan Nominees Australia Limited	307,588,879	19.78%
Citicorp Nominees Pty Limited	86,885,985	5.59%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	43,868,451	2.82%
BNP Paribas Noms Pty Ltd <Master Cust DRP>	42,385,912	2.73%
J P Morgan Nominees Australia Limited <Cash Income A/C>	30,267,283	1.95%
AMP Life Limited	13,340,696	0.86%
HSBC Custody Nominees (Australia) <NT-Comnwlth Super Corp A/C>	11,450,913	0.74%
Australian Foundation Investment Company Limited	10,063,530	0.65%
BNP Paribas Noms Pty Ltd <DRP>	9,546,127	0.61%
BNP Paribas Noms Pty Ltd <SMP Accounts DRP>	8,407,572	0.54%
Citicorp Nominees Pty Limited <BHP Billiton ADR Holders A/C>	5,767,764	0.37%
Argo Investments Limited	4,756,341	0.31%
RBC Investor Services Australia Nominees Pty Limited	4,556,001	0.29%
UBS Nominees Pty Ltd	4,452,962	0.29%
Queensland Investment Corporation	3,196,461	0.21%
Pipooled A/C	3,065,296	0.20%
HSBC Custody Nominees (Australia) – GSCO ECA	2,942,114	0.19%
Piselect A/C	2,857,330	0.18%
Percentage of total holdings of 20 largest holders	**1,306,469,781**	**84.01%**

Voting rights: ordinary shares

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

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

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

Voting rights: share rights

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

FINANCIAL REPORT
for the year ended 30 June 2012

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CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2012

	Note	2012 US$m	2011 US$m
Continuing operations			
Sales revenue	5A	**5,625.0**	4,672.2
Other income	5A	**142.6**	135.0
Operating expenses	5B	**(4,833.9)**	(4,004.4)
Share of results of joint ventures	19C	**5.5**	6.4
Operating profit		**939.2**	809.2
Finance revenue		**21.5**	17.2
Finance costs		**(173.5)**	(144.7)
Net finance costs	8	**(152.0)**	(127.5)
Profit before tax		**787.2**	681.7
Tax expense	9	**(212.3)**	(209.9)
Profit from continuing operations		**574.9**	471.8
Profit from discontinued operations	12	**1.4**	3.6
Profit for the year		**576.3**	475.4
Profit attributable to:			
- members of the parent entity		**576.3**	475.3
- non-controlling interest		**-**	0.1
Earnings per share (cents)	10		
Total			
- basic		**38.9**	32.9
- diluted		**38.6**	32.7
Continuing operations			
- basic		**38.8**	32.6
- diluted		**38.5**	32.5

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Note	2012 US$m	2011 US$m
Profit for the year		**576.3**	475.4
Other comprehensive income:			
Actuarial (losses)/gains on defined benefit pension plans	26E	**(19.7)**	13.9
Exchange differences:			
- on translation of foreign subsidiaries	29	**(192.5)**	279.0
- FCTR released to profit	29	**(12.5)**	-
- on entities disposed taken to profit	29	**(1.7)**	-
Cash flow hedges	29	**5.1**	6.1
Income tax on other comprehensive income	9A	**3.7**	(5.9)
Other comprehensive (loss)/income for the year		**(217.6)**	293.1
Total comprehensive income for the year		**358.7**	768.5
Total comprehensive income for the year attributable to:			
- members of the parent entity		**358.7**	768.4
- non-controlling interest		**-**	0.1

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

CONSOLIDATED BALANCE SHEET
as at 30 June 2012

	Note	2012 US$m	2011 US$m
ASSETS			
Current assets			
Cash and cash equivalents	14	**174.2**	138.5
Trade and other receivables	15	**1,054.8**	1,050.3
Inventories	16	**48.2**	56.5
Derivative financial instruments	17	**8.9**	11.3
Other assets	18	**66.2**	56.9
Total current assets		**1,352.3**	1,313.5
Non-current assets			
Other receivables	15	**8.5**	9.6
Investments	19	**17.1**	16.8
Property, plant and equipment	20	**4,138.6**	4,279.0
Goodwill	21	**1,607.4**	1,694.3
Intangible assets	22	**362.2**	403.7
Deferred tax assets	9	**37.6**	36.3
Derivative financial instruments	17	**19.0**	14.1
Other assets	18	**3.0**	0.7
Total non-current assets		**6,193.4**	6,454.5
Total assets		**7,545.7**	7,768.0
LIABILITIES			
Current liabilities			
Trade and other payables	23	**1,176.8**	1,264.3
Borrowings	24	**86.4**	325.6
Derivative financial instruments	17	**5.0**	6.1
Tax payable		**46.5**	102.9
Provisions	25	**90.1**	189.3
Total current liabilities		**1,404.8**	1,888.2
Non-current liabilities			
Borrowings	24	**2,777.7**	2,811.7
Derivative financial instruments	17	**0.8**	3.2
Provisions	25	**30.4**	20.0
Retirement benefit obligations	26	**58.8**	37.4
Deferred tax liabilities	9	**505.7**	529.1
Other liabilities	23	**27.1**	27.0
Total non-current liabilities		**3,400.5**	3,428.4
Total liabilities		**4,805.3**	5,316.6
Net assets		**2,740.4**	2,451.4
EQUITY			
Contributed equity	27	**6,484.1**	14,370.2
Reserves	29	**(6,689.1)**	(14,716.8)
Retained earnings	29	**2,945.4**	2,797.6
Parent entity interest		**2,740.4**	2,451.0
Non-controlling interest	29	**-**	0.4
Total equity		**2,740.4**	2,451.4

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

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2012

	Note	2012 US$m	2011 US$m
Cash flows from operating activities			
Receipts from customers		**6,217.7**	5,210.2
Payments to suppliers and employees		**(4,759.2)**	(3,815.6)
Cash generated from operations		**1,458.5**	1,394.6
Dividends received from joint ventures		**4.2**	5.6
Interest received		**5.8**	5.1
Interest paid		**(164.2)**	(169.6)
Income taxes paid on operating activities		**(215.1)**	(222.2)
Net cash inflow from operating activities	31B	**1,089.2**	1,013.5
Cash flows from investing activities			
Payments for property, plant and equipment		**(949.4)**	(764.7)
Proceeds from sale of property, plant and equipment		**93.5**	100.8
Payments for intangible assets		**(53.8)**	(46.3)
Costs incurred on disposal of businesses		**(0.4)**	(2.1)
Acquisition of subsidiaries, net of cash acquired		**(22.7)**	(1,050.2)
Net cash outflow from investing activities		**(932.8)**	(1,762.5)
Cash flows from financing activities			
Proceeds from borrowings		**1,721.5**	3,184.3
Repayments of borrowings		**(1,710.0)**	(2,487.7)
Net inflow/(outflow) from hedge instruments		**4.6**	(9.5)
Proceeds from issues of ordinary shares		**326.6**	231.1
Dividends paid, net of Dividend Reinvestment Plan[1]		**(397.7)**	(224.0)
Net cash (outflow)/inflow from financing activities		**(55.0)**	694.2
Net increase/(decrease) in cash and cash equivalents		**101.4**	(54.8)
Cash and deposits, net of overdrafts, at beginning of the year		**80.4**	123.3
Effect of exchange rate changes		**(29.1)**	11.9
Cash and deposits, net of overdrafts, at end of the year	31A	**152.7**	80.4

[1] The Dividend Reinvestment Plan was suspended on 17 August 2011.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2012

	Note	Share capital US$m	Reserves[1] US$m	Retained earnings US$m	Non-controlling interest US$m	Total US$m
Year ended 30 June 2011						
Opening balance		13,979.6	(15,007.4)	2,660.1	0.3	1,632.6
Profit for the year		-	-	475.3	0.1	475.4
Other comprehensive income		-	282.8	10.3	-	293.1
Total comprehensive income		-	282.8	485.6	0.1	768.5
Share-based payments:						
- expense recognised		-	13.2	-	-	13.2
- shares issued		-	(9.2)	-	-	(9.2)
- equity component of related tax		-	3.8	-	-	3.8
Transactions with owners in their capacity as owners:						
- dividends declared	29	-	-	(348.1)	-	(348.1)
- issues of ordinary shares, net of transaction costs	27	240.8	-	-	-	240.8
- issues of ordinary shares under Dividend Reinvestment Plan	27	149.8	-	-	-	149.8
Closing balance		14,370.2	(14,716.8)	2,797.6	0.4	2,451.4
Year ended 30 June 2012						
Opening balance		**14,370.2**	**(14,716.8)**	**2,797.6**	**0.4**	**2,451.4**
Profit for the year		**-**	**-**	**576.3**	**-**	**576.3**
Other comprehensive income		**-**	**(203.3)**	**(14.3)**	**-**	**(217.6)**
Total comprehensive income		**-**	**(203.3)**	**562.0**	**-**	**358.7**
Share-based payments:						
- expense recognised		**-**	**18.6**	**-**	**-**	**18.6**
- shares issued		**-**	**(11.1)**	**-**	**-**	**(11.1)**
- equity component of related tax		**-**	**0.1**	**-**	**-**	**0.1**
Transactions with owners in their capacity as owners:						**-**
- dividends declared	29	**-**	**-**	**(414.2)**	**-**	**(414.2)**
- issues of ordinary shares, net of transaction costs	27	**337.3**	**-**	**-**	**-**	**337.3**
- capital reduction	27	**(8,223.4)**	**8,223.4**	**-**	**-**	**-**
- disposal of non-controlling interest		**-**	**-**	**-**	**(0.4)**	**(0.4)**
Closing balance		**6,484.1**	**(6,689.1)**	**2,945.4**	**-**	**2,740.4**

[1] Refer Note 29 for further information on reserves.

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTE 1. BASIS OF PREPARATION

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) (Company) and its subsidiaries (Brambles or the Group) for the year ended 30 June 2012.

The financial statements comply with International Financial Reporting Standards (IFRS). This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Urgent Issues Group Interpretations (UIG) and the requirements of the Corporations Act 2001 (Act).

The financial statements are drawn up in accordance with the conventions of historical cost accounting, except for derivative financial instruments and financial assets and liabilities at fair value through profit or loss.

References to 2012 and 2011 are to the financial years ended 30 June 2012 and 30 June 2011 respectively.

Details of Unification, whereby Brambles Limited acquired all the share capital of Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) under separate schemes of arrangement on 4 December 2006, are set out in Brambles' 2007 Annual Report.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and all comparatives have been prepared using the accounting policies set out below which are consistent with the prior year.

Basis of consolidation

The consolidated financial statements of Brambles include the assets, liabilities and results of Brambles Limited and all its legal subsidiaries. The consolidation process eliminates all inter-entity accounts and transactions. Any financial statements of overseas subsidiaries that have been prepared in accordance with overseas accounting practices have been adjusted to comply with AAS before inclusion in the consolidation process. The financial statements of all subsidiaries are prepared for the same reporting period.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognised. Any acquisition-related transaction costs are expensed in the period of acquisition.

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

Investment in controlled entities

Shares in controlled entities, as recorded in the parent entity, are recorded at cost, less provision for impairment.

Investment in joint ventures

Investments in joint venture entities are accounted for using the equity method in the consolidated financial statements, and include any goodwill arising on acquisition. Under this method, Brambles' share of the post-acquisition profits or losses of the joint venture is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

If Brambles' share of losses in a joint venture equals or exceeds its interest in the joint venture, Brambles does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

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

Where there has been a change recognised directly in the joint venture's equity, Brambles recognises its share of any changes as a change in equity.

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations

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

Comparative amounts for the prior year are restated in the income statement to include current year discontinued operations.

Presentation currency

The consolidated and summarised parent entity financial statements are presented in US dollars.

Brambles uses the US dollar as its presentation currency because:

- a significant portion of Brambles' activity is denominated in US dollars; and
- the US dollar is widely understood by Australian, UK and international investors and analysts.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign currency

Items included in the financial statements of each of Brambles' entities are measured using the functional currency of each entity.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are recognised directly in equity.

The results and cash flows of Brambles Limited, subsidiaries and joint ventures are translated into US dollars using the average exchange rates for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Assets and liabilities of Brambles Limited, subsidiaries and joint ventures are translated into US dollars at the exchange rate ruling at the balance sheet date. The share capital of Brambles Limited is translated into US dollars at historical rates. All resulting exchange differences arising on the translation of Brambles' overseas and Australian entities are recognised as a separate component of equity.

The financial statements of foreign subsidiaries and joint ventures that report in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the balance sheet date before they are translated into US dollars.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The principal exchange rates affecting Brambles were:

		US$:A$	US$:€	US$:£
Average	**2012**	**1.0304**	**1.3325**	**1.5834**
	2011	0.9973	1.3746	1.5941
Year end	**30 June 2012**	**1.0032**	**1.2440**	**1.5515**
	30 June 2011	1.0692	1.4464	1.6069

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Brambles and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid (Goods and Services Tax and local equivalents).

Revenue for services is recognised when invoicing the customer following the provision of the service and/or under the terms of agreed contracts in accordance with agreed contractual terms in the period in which the service is provided.

Other income

Other income includes net gains on disposal of property, plant and equipment in the ordinary course of business, which are recognised when control of the property has passed to the buyer. Amounts arising from compensation for irrecoverable pooling equipment are recognised only when it is probable that they will be received.

Dividends

Dividend revenue is recognised when Brambles' right to receive the payment is established. Dividends received from investments in subsidiaries and joint ventures are recognised as revenue, even if they are paid out of pre-acquisition profits.

Finance revenue

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs are recognised as expenses in the year in which they are incurred, except where they are included in the cost of qualifying assets.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year. No borrowing costs were capitalised in 2012 or 2011.

Pensions and other post-employment benefits

Payments to defined contribution pension schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where Brambles' obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

A liability in respect of defined benefit pension schemes is recognised in the balance sheet, measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension scheme's assets at that date. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds.

The costs of providing pensions under defined benefit schemes are calculated using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Actuarial gains and losses arising from differences between expected and actual returns, and the effect of changes in actuarial assumptions are recognised in full through the statement of comprehensive income in the period in which they arise.

The costs of other post-employment liabilities are calculated in a similar way to defined benefit pension schemes and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Executive and employee share-based compensation plans

Incentives in the form of share-based compensation benefits are provided to executives and employees under performance share and MyShare employee share plans approved by shareholders.

Performance share awards are fair valued by qualified actuaries at their grant dates in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

Executives and employees in certain jurisdictions are provided cash incentives calculated by reference to the awards under the share-based compensation schemes (phantom shares). These phantom shares are fair valued on initial grant and at each subsequent reporting date.

The cost of such phantom shares is charged to the income statement over the relevant vesting periods, with a corresponding increase in provisions.

The fair value calculation of performance shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, Brambles reviews its estimate of the number of performance shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Significant items and Underlying profit

Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Underlying profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant items. It is presented within the segment information note to assist users of the financial statements to better understand Brambles' business results.

ASSETS

Cash and cash equivalents

For purposes of the cash flow statement, cash includes deposits at call with financial institutions and other highly liquid investments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are presented within borrowings in the balance sheet.

Receivables

Trade receivables due within one year do not carry any interest and are recognised at amounts receivable less an allowance for any uncollectible amounts. Trade receivables are recognised when services are provided and settlement is expected within normal credit terms.

Bad debts are written-off when identified. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. Significant financial difficulties of the debtor, probability that the debtor will enter liquidation, receivership or bankruptcy, and default or significant delay in payment are considered indicators that the trade receivable is doubtful.

The amount of the provision is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. When a trade receivable for which a provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Inventories

Stock and stores on hand are valued at the lower of cost and net realisable value and, where appropriate, provision is made for possible obsolescence. Work in progress, which represents partly-completed work undertaken at pre-arranged rates but not invoiced at the balance sheet date, is recorded at the lower of cost or net realisable value.

Cost is determined on a first-in, first-out basis and, where relevant, includes an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

Recoverable amount of non-current assets

At each reporting date, Brambles assesses whether there is any indication that an asset, or cash generating unit to which the asset belongs, may be impaired. Where an indicator of impairment exists, Brambles makes a formal estimate of recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognised in the income statement in the reporting period in which the write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market risk adjusted discount rate.

Property, plant and equipment

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

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

Depreciation is charged in the financial statements so as to write-off the cost of all PPE, other than freehold land, to their residual value on a straight-line or reducing balance basis over their expected useful lives to Brambles. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The expected useful lives of PPE are generally:

- buildings 50 years
- pooling equipment 5–10 years
- other plant and equipment (owned and leased) 3–20 years

The cost of improvements to leasehold properties is amortised over the unexpired portion of the lease, or the estimated useful life of the improvement to Brambles, whichever is the shorter.

Provision is made for irrecoverable pooling equipment based on experience in each market. The provision is presented within accumulated depreciation.

The carrying values of PPE are reviewed for impairment when circumstances indicate their carrying values may not be recoverable. Assets are assessed within the cash generating unit to which they belong. Any impairment losses are recognised in the income statement.

The recoverable amount of PPE is the greater of its fair value less costs to sell and its value in use. Value in use is determined as estimated future cash flows discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risk specific to the asset.

PPE is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any net gain or loss arising on derecognition of the asset is included in the income statement and presented within other income in the period in which the asset is derecognised.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill represents the excess of the cost of an acquisition over the fair value of Brambles' share of the net identifiable assets of the acquired subsidiary or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investments in joint ventures.

Upon acquisition, any goodwill arising is allocated to each cash generating unit expected to benefit from the acquisition. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised when the recoverable amount of the cash generating unit is less than its carrying amount.

On disposal of an operation, goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Intangible assets

Intangible assets acquired are capitalised at cost, unless acquired as part of a business combination in which case they are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less provisions for amortisation and impairment.

The costs of acquiring and developing computer software for internal use are capitalised as intangible non-current assets where it is used to support a significant business system and the expenditure leads to the creation of a durable asset.

Useful lives have been established for all non-goodwill intangible assets. Amortisation charges are expensed in the income statement on a straight-line basis over those useful lives. Estimated useful lives are reviewed annually.

The expected useful lives of intangible assets are generally:

- customer lists and relationships 3–20 years
- computer software 3–10 years

There are no non-goodwill intangible assets with indefinite lives.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

LIABILITIES

Payables

Trade and other creditors represent liabilities for goods and services provided to Brambles prior to the end of the financial year which remain unpaid at the reporting date. The amounts are unsecured and are paid within normal credit terms.

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

Provisions

Provisions for liabilities are made on the basis that, due to a past event, the business has a constructive or legal obligation to transfer economic benefits that are of uncertain timing or amount. Provisions are measured at the present value of management's best estimate at the balance sheet date of the expenditure required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks appropriate to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Brambles has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee entitlements

Employee entitlements are provided by Brambles in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, sick leave, long service leave and contract entitlements. Annual leave and sick leave entitlements are presented within trade and other payables.

Liabilities for annual leave, as well as those employee entitlements which are expected to be settled within one year, are measured at the amounts expected to be paid when they are settled. All other employee entitlement liabilities are measured at the estimated present value of the future cash outflows to be made in respect of services provided by employees up to the reporting date.

Dividends

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments under operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

Finance leases

Finance leases, which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to Brambles, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, present value of the minimum lease payments, and disclosed as property, plant and equipment held under lease. A lease liability of equal value is also recognised.

Lease payments are allocated between finance charges and a reduction of the lease liability so as to achieve a constant period rate of interest on the lease liability outstanding each period. The finance charge is recognised as a finance cost in the income statement.

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

Income tax

The income tax expense or benefit for the year is the tax payable or receivable on the current year's taxable income based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, calculated using tax rates which are enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are not recognised:

- where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of temporary differences associated with investments in subsidiaries and joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Financial assets

Brambles classifies its financial assets in the following two categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are recognised on Brambles' balance sheet when Brambles becomes a party to the contractual provisions of the instrument. Derecognition takes place when Brambles no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivatives and hedging activities

Derivative instruments used by Brambles, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, caps, collars, forward rate agreements and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of Brambles' existing underlying exposure in line with Brambles' risk management policies.

Derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturities at the balance sheet date. The fair value of interest rate swap contracts is calculated as the present value of the forward cash flows of the instrument after applying market rates and standard valuation techniques.

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

Fair value hedges

Fair value hedges are derivatives that hedge exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment. In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

Hedge accounting is discontinued prospectively if the hedge is terminated or no longer meets the hedge accounting criteria. In this case, any adjustment to the carrying amounts of the hedged item for the designated risk for interest-bearing financial instruments is amortised to the income statement following termination of the hedge.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash flow hedges

Cash flow hedges are derivatives that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

In relation to cash flow hedges to hedge forecast transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

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

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Net investment hedges

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

Any gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Where derivatives do not qualify for hedge accounting, gains or losses arising from changes in their fair value are taken directly to net profit or loss for the year.

Contributed equity

Ordinary shares including share premium are classified as contributed equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of Brambles' own equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds of issue.

Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members of the parent entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and finance costs associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

EPS on Underlying profit after finance costs and tax is calculated as Underlying profit after finance costs and tax attributable to members of the parent entity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

New accounting standards and interpretations issued but not yet applied

At 30 June 2012, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. Brambles has not early-adopted these new or amended accounting standards and interpretations in 2012.

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 are applicable to annual reporting periods beginning on or after 1 January 2013. AASB 9 addresses the classification and measurement of financial assets and may affect Brambles' accounting for financial assets. Brambles is yet to assess the full impact of this standard.

Revised IAS 1: Presentation of Financial Statements is applicable to annual reporting periods beginning on or after 1 July 2012. The revised standard requires entities to separate items presented in other comprehensive income into two groups, based on whether the items may be recycled to profit or loss in the future. Brambles will apply this standard from 1 July 2012.

AASB 19: Employee Benefits is applicable to annual reporting periods beginning on or after 1 January 2013. The revised standard requires all remeasurements of defined benefit plan assets and liabilities to be recognised immediately in other comprehensive income. It further requires net interest expense on net defined benefit liability to be calculated using a discount rate. The revised requirements replace the expected return on plan assets that is currently included in the profit or loss. Brambles is yet to assess the full impact of this standard.

AASB 2011-4 Amendments to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013). The revised standard removes the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments cannot be adopted early.

Rounding of amounts

As Brambles is a company of a kind referred to in ASIC Class Order 98/0100, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Irrecoverable pooling equipment provisioning

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

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

Impairment of goodwill

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

Income taxes

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

NOTE 4. SEGMENT INFORMATION

Brambles' segment information is provided on the same basis as internal management reporting to the CEO and reflects how Brambles is organised and managed. The reportable segments have changed since the 2011 Annual Report following Brambles' reorganisation of its pooling business into product categories. Prior year comparatives have been restated to reflect the new segments.

Brambles has seven reportable segments, being Pallets - Americas, Pallets - EMEA, Pallets - Asia-Pacific (each pallet pooling businesses), Reusable Plastic Crates (RPCs) (crate pooling business), Containers (container pooling businesses), Recall (information management business) and Brambles HQ (corporate centre). Discontinued operations primarily comprise the Cleanaway businesses (waste management), which were divested in 2006 and 2007. In the first-half financial statements, Recall was presented within Discontinued operations as a divestment process was under way. On 4 June 2012, Brambles announced its decision to retain Recall. Recall is therefore included within Continuing operations.

Segment performance is measured on sales, Underlying profit, cash flow from operations and Brambles Value Added (BVA). Underlying profit is the main measure of segment profit. A reconciliation between Underlying profit and operating profit is set out below.

Segment sales revenue is measured on the same basis as in the income statement. Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the year was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, borrowings and tax balances are managed centrally and are not allocated to segments.

	Sales revenue		Cash flow from operations[1]		Brambles Value Added[2]	
	2012 US$m	2011 US$m	2012 US$m	2011 US$m	2012 US$m	2011 US$m
By operating segment						
Pallets - Americas	**2,041.3**	1,654.8	**272.3**	272.6	**134.9**	76.5
Pallets - EMEA	**1,326.8**	1,318.3	**215.4**	259.1	**128.5**	152.9
Pallets - Asia-Pacific	**375.8**	340.0	**25.9**	60.8	**30.8**	36.6
Pallets	**3,743.9**	3,313.1	**513.6**	592.5	**294.2**	266.0
RPCs	**759.5**	310.0	**(40.8)**	42.8	**(41.8)**	3.2
Containers	**276.6**	233.8	**29.2**	29.7	**6.2**	17.8
Recall	**845.0**	815.3	**131.6**	92.6	**45.5**	23.5
Brambles HQ	**-**	-	**(42.4)**	(32.5)	**(29.1)**	(29.0)
Total Continuing	**5,625.0**	4,672.2	**591.2**	725.1	**275.0**	281.5
By geographic origin						
Americas	**2,632.4**	2,101.8				
Europe	**2,041.4**	1,692.4				
Australia	**614.4**	574.1				
Other	**336.8**	303.9				
Total	**5,625.0**	4,672.2				

	Operating profit[3]		Significant items before tax[4]		Underlying profit[4]	
	2012 US$m	2011 US$m	2012 US$m	2011 US$m	2012 US$m	2011 US$m
By operating segment						
Pallets - Americas	**346.4**	275.6	**(17.2)**	(1.3)	**363.6**	276.9
Pallets - EMEA	**269.3**	299.9	**(5.5)**	(2.7)	**274.8**	302.6
Pallets - Asia-Pacific	**75.7**	74.1	**(0.9)**	(1.3)	**76.6**	75.4
Pallets	**691.4**	649.6	**(23.6)**	(5.3)	**715.0**	654.9
RPCs	**109.3**	27.8	**(16.2)**	(26.0)	**125.5**	53.8
Containers	**32.8**	37.9	**-**	-	**32.8**	37.9
Recall	**160.1**	145.8	**(14.1)**	0.5	**174.2**	145.3
Brambles HQ	**(54.4)**	(51.9)	**(16.6)**	(17.2)	**(37.8)**	(34.7)
Continuing operations	**939.2**	809.2	**(70.5)**	(48.0)	**1,009.7**	857.2
Discontinued operations	**0.4**	0.9	**0.4**	0.9		
Total	**939.6**	810.1	**(70.1)**	(47.1)		

NOTE 4. SEGMENT INFORMATION - CONTINUED

	Capital expenditure		Depreciation and amortisation	
	2012 US$m	2011 US$m	2012 US$m	2011 US$m
By operating segment				
Pallets - Americas	**297.9**	276.4	**186.7**	173.2
Pallets - EMEA	**237.7**	286.0	**137.3**	143.4
Pallets - Asia-Pacific	**85.9**	83.3	**45.4**	42.6
Pallets	**621.5**	645.7	**369.4**	359.2
RPCs	**230.0**	65.0	**86.1**	40.4
Containers	**49.1**	38.9	**33.0**	28.1
Recall	**70.9**	110.7	**62.9**	51.3
Brambles HQ	**3.4**	6.0	**0.8**	0.8
Total	**974.9**	866.3	**552.2**	479.8

	Segment assets		Segment liabilities	
	2012 US$m	2011 US$m	2012 US$m	2011 US$m
By operating segment				
Pallets - Americas	**2,110.1**	2,153.4	**275.1**	312.6
Pallets - EMEA	**1,441.4**	1,579.6	**337.6**	368.0
Pallets - Asia-Pacific	**449.7**	454.8	**50.4**	95.8
Pallets	**4,001.2**	4,187.8	**663.1**	776.4
RPCs	**1,755.8**	1,781.3	**411.9**	422.9
Containers	**303.5**	310.2	**71.8**	59.2
Recall	**1,174.1**	1,248.5	**185.6**	230.0
Brambles HQ	**61.4**	32.5	**56.6**	58.8
Total segment assets and liabilities	**7,296.0**	7,560.3	**1,389.0**	1,547.3
Cash and borrowings	**174.2**	138.5	**2,864.1**	3,137.3
Current tax balances	**20.8**	16.1	**46.5**	102.9
Deferred tax balances	**37.6**	36.3	**505.7**	529.1
Equity-accounted investments	**17.1**	16.8	**-**	-
Total assets and liabilities	**7,545.7**	7,768.0	**4,805.3**	5,316.6
Non-current assets by geographic origin[5]				
Americas	**2,896.6**	2,627.5		
Europe	**2,231.6**	2,744.8		
Australia	**533.5**	604.6		
Other	**475.1**	427.2		
Total	**6,136.8**	6,404.1		

[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] 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 June 2011 exchange rates as:
- Underlying profit; plus
- Significant items that are part of the ordinary activities of the business; less
- Average Capital Invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.

[3] Operating profit is segment revenue less segment expense and excludes net finance costs.

[4] Underlying profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant items (refer Note 6). It is presented to assist users of the financial statements to better understand Brambles' business results.

[5] Non-current assets exclude financial instruments and deferred tax assets.

NOTE 5. PROFIT FROM ORDINARY ACTIVITIES - CONTINUING OPERATIONS

	2012 US$m	2011 US$m
A) REVENUE AND OTHER INCOME - CONTINUING OPERATIONS		
Sales revenue	**5,625.0**	4,672.2
Net gains on disposals of property, plant and equipment	**14.3**	36.5
Other operating income	**128.3**	98.5
Other income	**142.6**	135.0
Total income	**5,767.6**	4,807.2
B) OPERATING EXPENSES - CONTINUING OPERATIONS		
Employment costs (Note 7)	**1,055.6**	893.6
Service suppliers:		
- transport	**993.0**	831.5
- repairs and maintenance	**333.9**	260.8
- subcontractors and other service suppliers	**914.2**	733.9
Raw materials and consumables	**404.6**	250.7
Occupancy	**335.4**	279.9
Depreciation of property, plant and equipment	**480.8**	435.5
Impairment of property, plant and equipment (refer Note 6)	**15.2**	14.5
Irrecoverable pooling equipment provision expense	**100.1**	104.9
Amortisation of intangible assets and deferred expenditure		
- software	**30.9**	25.1
- acquired intangible assets (other than software)	**30.9**	13.1
- deferred expenditure	**9.6**	6.1
Other	**129.7**	154.8
	4,833.9	4,004.4
C) NET FOREIGN EXCHANGE GAINS AND LOSSES - CONTINUING OPERATIONS		
Net gains/(losses) included in operating profit[1]	**19.3**	(2.1)
Net gains/(losses) included in net finance costs	**5.6**	(1.4)
	24.9	(3.5)

1 Includes a US$12.5 million foreign exchange gain on capital repatriation by overseas subsidiaries during the year. Refer Note 6 for further details.

NOTE 6. SIGNIFICANT ITEMS - CONTINUING OPERATIONS

Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Significant items are disclosed to assist users of the financial statements to better understand Brambles' business results.

	2012 US$m		
	Before tax	**Tax**	**After tax**
Items outside the ordinary course of business:			
- acquisition-related costs[a]	**(2.8)**	**0.4**	**(2.4)**
- restructuring costs[b]	**(37.0)**	**12.5**	**(24.5)**
- IFCO integration costs[c]	**(16.2)**	**3.6**	**(12.6)**
- Recall transaction costs[d]	**(21.2)**	**2.8**	**(18.4)**
- Pension costs[e]	**(5.8)**	**1.6**	**(4.2)**
- Foreign exchange gain on repatriation[f]	**12.5**	**-**	**12.5**
Significant items from continuing operations	**(70.5)**	**20.9**	**(49.6)**

	2011 US$m		
	Before tax	**Tax**	**After tax**
Items outside the ordinary course of business:			
- acquisition-related costs[a]	(19.1)	2.5	(16.6)
- restructuring costs[b]	(3.4)	0.9	(2.5)
- IFCO integration costs[c]	(25.5)	(7.2)	(32.7)
Significant items from continuing operations	(48.0)	(3.8)	(51.8)

[a] Professional fees and other transaction costs were incurred in relation to the acquisitions described in Note 13.

[b] Redundancy, plant closure and other restructuring costs of US$37.0 million were incurred in various countries during the year (2011: US$3.4 million).

[c] IFCO integration costs of US$16.2 million were incurred in 2012 (2011: US$25.5 million). These include a US$15.2 million (2011: US$14.5 million) impairment of reusable plastic crates (RPC) assets.

[d] Costs of US$21.2 million, primarily professional fees, were incurred in relation to the Recall divestment process.

[e] CHEP South Africa changed its retirement plan from defined benefit to defined contribution during the year. As required by AASB 119: Employee benefits, the actuarially-assessed value of a related enhancement in retirement benefits has been treated as a past service cost and recognised in the income statement.

[f] Capital returns were made by overseas subsidiaries during the year. As required by AASB 121: The Effects of Changes in Foreign Exchange Rates, a portion of the accumulated foreign currency translation reserve held in relation to the overseas subsidiaries have been recognised in the income statement, resulting in a US$12.5 million foreign exchange gain.

NOTE 7. EMPLOYMENT COSTS - CONTINUING OPERATIONS

	2012 US$m	2011 US$m
Wages and salaries	**873.0**	753.6
Social security costs	**97.2**	81.4
Share-based payment expense	**20.5**	13.6
Pension costs:		
- defined contribution plans	**23.6**	22.9
- defined benefit plans	**8.2**	6.4
Other post-employment benefits	**33.1**	15.7
	1,055.6	893.6

	2012	2011
The average monthly number of employees in continuing operations was:		
Pallets	**10,629**	10,799
RPCs	**914**	822
Containers	**420**	167
Recall	**4,952**	5,238
Brambles HQ	**106**	108
	17,021	17,134

NOTE 8. NET FINANCE COSTS

	2012 US$m	2011 US$m
Finance revenue		
Bank accounts and short term deposits	**2.8**	3.1
Derivative financial instruments	**15.6**	12.1
Other	**3.1**	2.0
	21.5	17.2
Finance costs		
Interest expense on bank loans and borrowings	**(156.3)**	(134.7)
Derivative financial instruments	**(5.7)**	(9.2)
Other	**(11.5)**	(0.8)
	(173.5)	(144.7)
Net finance costs	**(152.0)**	(127.5)

NOTE 9. INCOME TAX

	2012 US$m	2011 US$m
A) COMPONENTS OF TAX EXPENSE		
Amounts recognised in the income statement		
Current income tax - continuing operations:		
- income tax charge	**203.0**	242.2
- prior year adjustments	**(36.7)**	(11.2)
	166.3	231.0
Deferred tax - continuing operations:		
- origination and reversal of temporary differences	**40.3**	(3.8)
- previously unrecognised tax losses	**(16.9)**	(2.5)
- prior year adjustments	**22.6**	(14.8)
	46.0	(21.1)
Tax expense - continuing operations	**212.3**	209.9
Tax benefit - discontinued operations (Note 12)	**(1.0)**	(2.7)
Tax expense recognised in the income statement	**211.3**	207.2
Amounts recognised in the statement of comprehensive income		
- on actuarial (losses)/gains on defined benefit pension plans	**(5.4)**	3.6
- on losses on revaluation of cash flow hedges	**1.7**	2.3
Tax (benefit)/expense recognised directly in the statement of comprehensive income	**(3.7)**	5.9
B) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT BEFORE TAX		
Profit before tax - continuing operations	**787.2**	681.7
Tax at standard Australian rate of 30% (2011: 30%)	**236.2**	204.5
Effect of tax rates in other jurisdictions	**(37.5)**	(22.7)
Prior year adjustments	**(16.4)**	(26.2)
Prior year tax losses written-off	**2.3**	-
Current year tax losses not recognised	**12.9**	13.8
Foreign withholding tax unrecoverable	**4.0**	15.2
Change in tax rates	**-**	0.2
Non-deductible expenses	**22.8**	15.8
Other taxable items	**12.6**	11.6
Prior year tax losses recouped/recognised	**(16.9)**	(2.5)
Other	**(7.7)**	0.2
Tax expense - continuing operations	**212.3**	209.9
Tax benefit - discontinued operations (Note 12)	**(1.0)**	(2.7)
Total income tax expense	**211.3**	207.2

NOTE 9. INCOME TAX - CONTINUED

	2012 US$m	2011 US$m
C) COMPONENTS OF AND CHANGES IN DEFERRED TAX ASSETS		
Deferred tax assets shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Employee benefits	**17.0**	9.5
Provisions	**36.4**	48.9
Losses available against future taxable income	**289.5**	283.3
Other	**56.5**	83.1
	399.4	424.8
Items recognised directly in equity		
Actuarial losses on defined benefit pension plans	**18.7**	4.4
Cash flow hedges	**3.9**	-
Share-based payments	**3.6**	3.8
	26.2	8.2
Set-off of deferred tax liabilities	**(388.0)**	(396.7)
Net deferred tax assets	**37.6**	36.3
Changes in deferred tax assets were as follows:		
At 1 July	**36.3**	19.8
Credited to the income statement	**65.4**	67.7
Credited directly to equity	**6.4**	0.3
Offset against deferred tax liabilities	**(63.2)**	(54.6)
Currency variations	**(7.3)**	3.1
At 30 June	**37.6**	36.3

Deferred tax assets are recognised for carried forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. At reporting date, Brambles has unused tax losses of US$1,298.5 million (2011: US$1,382.8 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US$877.0 million (2011: US$855.8 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$421.5 million (2011: US$527.0 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US$694.7 million will expire between 2013 and 2031. All other losses may be carried forward indefinitely.

NOTE 9. INCOME TAX - CONTINUED

	2012 US$m	2011 US$m
D) COMPONENTS AND CHANGES IN DEFERRED TAX LIABILITIES		
Deferred tax liabilities shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Accelerated depreciation for tax purposes	**751.9**	716.4
Other	**140.5**	202.5
	892.4	918.9
Items recognised in the statement of comprehensive income		
Actuarial gains on defined benefit pension plans	**1.3**	-
Cash flow hedges	**-**	6.9
	1.3	6.9
Set-off of deferred tax assets	**(388.0)**	(396.7)
Net deferred tax liabilities	**505.7**	529.1
Changes in deferred tax liabilities were as follows:		
At 1 July	**529.1**	408.2
Charged to the income statement	**111.4**	46.6
Charged directly to equity	**1.5**	2.1
Acquisition of subsidiary	**(31.8)**	89.5
Offset against deferred tax asset	**(63.2)**	(54.6)
Currency variations	**(41.3)**	37.3
At 30 June	**505.7**	529.1

At reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised in the consolidated financial statements was US$2,018.4 million (2011: US$2,253.5 million). No liability has been recognised in respect of these temporary differences because Brambles is in a position to control distributions from subsidiaries and it is probable that such differences will not reverse in the foreseeable future. Unremitted earnings totalled US$2,594.5 million (2011: US$2,554.3 million), of which US$672.5 million (2011: US$631.9 million) relates to earnings post Unification.

E) TAX CONSOLIDATION

Brambles Limited and its Australian subsidiaries formed a tax consolidated group in 2006. Brambles Limited, as the head entity of the tax consolidated group, and its Australian subsidiaries have entered into a tax sharing agreement in order to allocate income tax expense. The tax sharing agreement uses a stand-alone basis of allocation. Consequently, Brambles Limited and its Australian subsidiaries account for their own current and deferred tax amounts as if they each continue to be taxable entities in their own right. In addition, the agreement provides funding rules setting out the basis upon which subsidiaries are to indemnify Brambles Limited in respect of tax liabilities and the methodology by which subsidiaries in tax loss are to be compensated.

NOTE 10. EARNINGS PER SHARE

	2012 US cents	2011 US cents
Earnings per share		
- basic	**38.9**	32.9
- diluted	**38.6**	32.7
From continuing operations		
- basic	**38.8**	32.6
- diluted	**38.5**	32.5
- basic, on Underlying profit after finance costs and tax	**42.1**	36.2
From discontinued operations		
- basic	**0.1**	0.3
- diluted	**0.1**	0.2

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details are set out in Note 28.

	2012 million	2011 million
A) WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR		
Used in the calculation of basic earnings per share	**1,482.3**	1,445.6
Adjustment for share rights	**9.0**	6.3
Used in the calculation of diluted earnings per share	**1,491.3**	1,451.9

	2012 US$m	2011 US$m
B) RECONCILIATIONS OF PROFITS USED IN EPS CALCULATIONS		
Statutory profit		
Profit from continuing operations	**574.9**	471.8
Profit from discontinued operations	**1.4**	3.6
Profit used in calculating basic and diluted EPS	**576.3**	475.4
Underlying profit after finance costs and tax		
Underlying profit (Note 4)	**1,009.7**	857.2
Net finance costs (Note 8)	**(152.0)**	(127.5)
Underlying profit before tax	**857.7**	729.7
Tax expense on Underlying profit	**(233.2)**	(206.1)
Underlying profit after finance costs and tax	**624.5**	523.6
which reconciles to statutory profit:		
Underlying profit after finance costs and tax	**624.5**	523.6
Significant items after tax (Note 6)	**(49.6)**	(51.8)
Profit from continuing operations	**574.9**	471.8

NOTE 11. DIVIDENDS

A) DIVIDENDS PAID DURING THE YEAR

	Interim 2012	Final 2011
Dividend per share (in Australian cents)	13.0	13.0
Franked amount at 30% tax (in Australian cents)	2.6	2.6
Cost (in US$ million)	197.3	200.4
Payment date	12 April 2012	13 October 2011

B) DIVIDEND DECLARED AFTER REPORTING DATE

	Final 2012
Dividend per share (in Australian cents)	**13.0**
Franked amount at 30% tax (in Australian cents)	**3.9**
Cost (in US$ million)	**213.3**
Payment date	**11 October 2012**
Dividend record date	**21 September 2012**

As this dividend had not been declared at the reporting date, it is not reflected in these financial statements. On 17 August 2011, Brambles suspended its Dividend Reinvestment Plan.

C) FRANKING CREDITS

	2012 US$m	2011 US$m
Franking credits available for subsequent financial years based on a tax rate of 30%	**87.5**	49.7

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

The final 2012 dividend has been franked at 30%.

NOTE 12. DISCONTINUED OPERATIONS

Discontinued operations primarily comprise net adjustments to divestment provisions made in prior years. Financial information relating to discontinued operations is summarised below:

	2012 US$m	2011 US$m
Profit before tax	**0.4**	0.9
Tax benefit	**1.0**	2.7
Profit for the year from discontinued operations	**1.4**	3.6
Net cash outflow from operating activities	**(1.0)**	(4.7)

NOTE 13. BUSINESS COMBINATIONS

ACQUISITIONS

A) IFCO Systems NV

During 2012, final adjustments were made to the fair values of the assets and liabilities of IFCO Systems NV at acquisition. These adjustments include a decrease of US$51.1 million in the fair value of property, plant and equipment, net US$1.2 million reversal of provisions and related US$36.0 million deferred tax adjustments. The net result of these adjustments is an increase in goodwill of US$13.9 million from US$989.9 million to US$1,003.8 million.

B) Driessen Services

On 3 November 2011, Brambles announced its acquisition of Driessen Services, a specialist in the outsourced repair and maintenance of unit load devices (airline containers) and airline galley equipment, for an enterprise value of €7.5 million.

C) Paramount Pallet

On 25 November 2011, Brambles announced its acquisition of Paramount Pallet, a nationwide provider of comprehensive pallet services in Canada for C$13 million.

D) Other

In addition to the above acquisitions, there were other minor acquisitions in 2012 with immaterial impact.

NOTE 14. CASH AND CASH EQUIVALENTS

	2012 US$m	2011 US$m
Cash at bank and in hand	**143.4**	112.1
Short term deposits	**30.8**	26.4
	174.2	138.5

Cash and cash equivalents include balances of US$5.7 million (2011: US$5.6 million) used as security for various contingent liabilities and is not readily accessible. Short term deposits have initial maturities varying between 7 days and 3 months.

Refer to Note 30 for other financial instruments disclosures.

NOTE 15. TRADE AND OTHER RECEIVABLES

	2012 US$m	2011 US$m
Current		
Trade receivables	**826.9**	856.5
Provision for doubtful receivables (A)	**(21.3)**	(18.4)
Net trade receivables	**805.6**	838.1
Other debtors	**146.4**	149.5
Accrued and unbilled revenue	**102.8**	62.7
	1,054.8	1,050.3
Non-current		
Other receivables	**8.5**	9.6

A) PROVISION FOR DOUBTFUL RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30–90 day terms. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. A provision of US$7.7 million (2011: US$7.9 million) has been recognised as an expense in the current year for specific trade and other receivables for which such evidence exists.

Movements in the provision for doubtful receivables were as follows:

	2012 US$m	2011 US$m
At 1 July	**18.4**	9.0
Charge for the year	**7.7**	7.9
Amounts written off	**(3.9)**	(3.7)
Acquisition of subsidiaries	**1.0**	4.9
Foreign exchange differences	**(1.9)**	0.3
At 30 June	**21.3**	18.4

NOTE 15. TRADE AND OTHER RECEIVABLES - CONTINUED

	2012 US$m	2011 US$m
At 30 June, the ageing analysis of trade receivables by reference to due dates was as follows:		
Not past due	**595.4**	645.4
Past due 0-30 days but not impaired	**131.7**	123.4
Past due 31-60 days but not impaired	**37.4**	35.6
Past due 61-90 days but not impaired	**10.2**	10.9
Past 90 days but not impaired	**30.9**	22.8
Impaired	**21.3**	18.4
	826.9	856.5

At 30 June 2012, trade receivables of US$210.2 million (2011: US$192.7 million) were past due but not doubtful. These trade receivables comprise customers who have a good debt history and are considered recoverable.

At 30 June 2012, trade receivables of US$21.3 million (2011: US$18.4 million) were considered to be impaired. A provision of US$21.3 million (2011: US$18.4 million) has been recognised for doubtful receivables.

Other debtors primarily comprise GST/VAT recoverable, loss compensation receivables and certain balances arising from outside Brambles' ordinary business activities, such as deferred proceeds on sale of businesses and property, plant and equipment.

At 30 June 2012, other debtors of US$77.6 million (2011: US$55.8 million) were past due but not considered to be impaired. No specific collection issues have been identified with these receivables. An ageing of these receivables was as follows:

Past due 0-30 days but not impaired	**11.8**	6.1
Past due 31-60 days but not impaired	**4.4**	0.9
Past due 61-90 days but not impaired	**3.0**	1.0
Past 90 days but not impaired	**58.4**	47.8
	77.6	55.8

At 30 June 2012, there were no balances within other debtors that were considered to be impaired (2011: nil). No provision has been recognised (2011: nil).

Refer to Note 30 for other financial instruments disclosures.

NOTE 16. INVENTORIES

	2012 US$m	2011 US$m
Raw materials and consumables	**34.8**	34.1
Work in progress	**0.3**	9.5
Finished goods	**13.1**	12.9
	48.2	56.5

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

	2012 US$m	2011 US$m	2012 US$m	2011 US$m
	Current assets		Current liabilities	
Interest rate swaps - cash flow hedges	**-**	0.1	**3.0**	5.7
Interest rate swaps - fair value hedges	**8.3**	9.6	**-**	-
Forward foreign exchange contracts - cash flow hedges	**0.1**	-	**0.1**	0.3
Forward foreign exchange contracts - held for trading	**0.1**	1.6	**1.9**	0.1
Embedded derivatives	**0.4**	-	**-**	-
	8.9	11.3	**5.0**	6.1
	Non-current assets		Non-current liabilities	
Interest rate swaps - cash flow hedges	**-**	-	**0.8**	3.2
Interest rate swaps - fair value hedges	**19.0**	13.1	**-**	-
Embedded derivatives	**-**	1.0	**-**	-
	19.0	14.1	**0.8**	3.2

Refer to Note 30 for other financial instruments disclosures.

NOTE 18. OTHER ASSETS

	2012 US$m	2011 US$m
Current		
Prepayments	**45.4**	40.8
Current tax receivable	**20.8**	16.1
	66.2	56.9
Non-current		
Prepayments	**3.0**	0.7

NOTE 19. INVESTMENTS

A) JOINT VENTURES

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

Name (and nature of business)	Place of incorporation	% interest held at reporting date June 2012	June 2011
CISCO - Total Information Management Pte. Limited (Information management)	Singapore	**49%**	49%
Recall Becker GmbH & Co. KG (Document management services)	Germany	**50%**	50%

	2012 US$m	2011 US$m
B) MOVEMENT IN CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURES		
At 1 July	**16.8**	14.0
Share of results after income tax (Note 19C)	**5.5**	6.4
Dividends received/receivable	**(4.2)**	(5.6)
Foreign exchange differences	**(1.0)**	2.0
At 30 June	**17.1**	16.8

	2012 US$m	2011 US$m
C) SHARE OF RESULTS OF JOINT VENTURES		
Trading revenue	**15.7**	14.5
Expenses	**(9.0)**	(6.8)
Profit from ordinary activities before tax	**6.7**	7.7
Tax expense on ordinary activities	**(1.2)**	(1.3)
Profit for the year	**5.5**	6.4
D) SHARE OF ASSETS AND LIABILITIES OF JOINT VENTURES		
Current assets	**5.9**	4.8
Non-current assets	**16.2**	16.5
Total assets	**22.1**	21.3
Current liabilities	**3.8**	3.5
Non-current liabilities	**1.2**	1.0
Total liabilities	**5.0**	4.5
Net assets - continuing operations	**17.1**	16.8
E) SHARE OF COMMITMENTS AND CONTINGENT LIABILITIES OF JOINT VENTURES		
Contingent liabilities	**0.6**	0.5
Capital commitments	**1.6**	-
Lease commitments	**3.5**	2.4
Total - continuing operations	**5.7**	2.9

NOTE 20. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$m	Plant and equipment US$m	Total US$m
At 1 July 2010			
Cost	130.4	5,287.8	5,418.2
Accumulated depreciation	(56.8)	(2,137.6)	(2,194.4)
Net carrying amount	73.6	3,150.2	3,223.8
Year ended 30 June 2011			
Opening net carrying amount	73.6	3,150.2	3,223.8
Additions	29.2	792.7	821.9
Acquisition of subsidiaries	4.0	515.9	519.9
Disposals	(3.0)	(61.1)	(64.1)
Other transfers	(2.3)	(5.1)	(7.4)
Depreciation charge	(5.7)	(429.8)	(435.5)
Impairment of pooling equipment	-	(14.5)	(14.5)
Irrecoverable pooling equipment provision expense	-	(104.9)	(104.9)
Foreign exchange differences	11.0	328.8	339.8
Closing net carrying amount	106.8	4,172.2	4,279.0
At 30 June 2011			
Cost	182.5	6,986.2	7,168.7
Accumulated depreciation	(75.7)	(2,814.0)	(2,889.7)
Net carrying amount	106.8	4,172.2	4,279.0
Year ended 30 June 2012			
Opening net carrying amount	**106.8**	**4,172.2**	**4,279.0**
Additions	**21.6**	**899.5**	**921.1**
Acquisition of subsidiaries	**3.5**	**5.0**	**8.5**
Fair value adjustment of prior year acquisition	**-**	**(51.1)**	**(51.1)**
Disposals	**(2.8)**	**(70.0)**	**(72.8)**
Disposal of subsidiaries	**-**	**(0.2)**	**(0.2)**
Other transfers	**11.2**	**(9.8)**	**1.4**
Depreciation charge	**(9.0)**	**(471.8)**	**(480.8)**
Irrecoverable pooling equipment provision expense	**-**	**(100.1)**	**(100.1)**
Impairment of pooling equipment	**-**	**(15.2)**	**(15.2)**
Foreign exchange differences	**(14.6)**	**(336.6)**	**(351.2)**
Closing net carrying amount	**116.7**	**4,021.9**	**4,138.6**
At 30 June 2012			
Cost	**200.7**	**6,643.4**	**6,844.1**
Accumulated depreciation	**(84.0)**	**(2,621.5)**	**(2,705.5)**
Net carrying amount	**116.7**	**4,021.9**	**4,138.6**

The net carrying amounts above include plant and equipment held under finance lease US$38.5 million (2011: US$67.6 million); leasehold improvements US$25.7 million (2011: US$9.0 million); and capital work in progress US$54.0 million (2011: US$21.1 million).

NOTE 21. GOODWILL

	2012 US$m	2011 US$m
A) NET CARRYING AMOUNTS AND MOVEMENTS DURING THE YEAR		
At 1 July		
Carrying amount	**1,694.3**	607.0
Year ended 30 June		
Opening net carrying amount	**1,694.3**	607.0
Acquisition of subsidiaries	**19.4**	1,021.8
Foreign exchange differences	**(106.3)**	65.5
Closing net carrying amount	**1,607.4**	1,694.3
At 30 June		
Gross carrying amount	**1,607.4**	1,694.3
Accumulated impairment	**-**	-
Net carrying amount	**1,607.4**	1,694.3

B) SEGMENT-LEVEL SUMMARY OF NET CARRYING AMOUNT

Goodwill acquired through business combinations is allocated to cash generating units (CGU), which are the smallest identifiable groupings of Brambles' cash generating assets. A segment-level summary of the goodwill allocation is presented as follows:

	2012 US$m	2011 US$m
Pallets - Americas	**318.0**	324.4
Pallets - EMEA	**37.3**	40.7
Pallets - Asia-Pacific	**29.8**	31.5
Pallets	**385.1**	396.6
RPCs	**658.7**	699.9
Containers	**47.7**	48.4
Recall	**515.9**	549.4
Total goodwill	**1,607.4**	1,694.3

C) RECOVERABLE AMOUNT TESTING - CONTINUING OPERATIONS

The recoverable amount of goodwill is determined based on value in use calculations undertaken at the CGU level. The value in use is calculated using a discounted cash flow methodology covering a 10 year period with an appropriate terminal value at the end of that period. Based on the impairment testing, the carrying amounts of goodwill in the CGUs related to continuing operations at reporting date were fully supported. The key assumptions on which management has based its cash flow projections were:

Cash flow forecasts

Cash flow forecasts are based on the most recent financial projections covering a maximum period of five years. Cash flows beyond that period are extrapolated using estimated growth rates. Financial projections are based on assumptions that represent management's best estimates.

Growth rates

Growth rates ranging from nil to 4% (average rates: Pallets - Americas 2.7%; RPCs 2.5% and Recall 2.2%) were used beyond the period covered in the financial projections. They are based on management's expectations for future performance and do not normally exceed the long term growth rate for the business in which the CGU operates.

Terminal value

The terminal value calculated after year 10 is determined using the stable growth model, having regard to the weighted average cost of capital and terminal growth factor appropriate to each CGU.

Discount rates

Discount rates used are the pre-tax weighted average cost of capital (WACC) and include a premium for market risks appropriate to each country in which the CGU operates. WACCs ranged between 9.7% and 21.2% (average rates: Pallets - Americas 11.5%; RPCs 10.0% and Recall 11.8%) .

Sensitivity

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

NOTE 22. INTANGIBLE ASSETS

	Software US$m	Other[1] US$m	Total US$m
At 1 July 2010			
Gross carrying amount	317.3	172.1	489.4
Accumulated amortisation	(243.3)	(87.5)	(330.8)
Net carrying amount	74.0	84.6	158.6
Year ended 30 June 2011			
Opening carrying amount	74.0	84.6	158.6
Additions	36.2	8.2	44.4
Acquisition of subsidiaries	1.4	226.5	227.9
Disposals	(0.1)	(0.4)	(0.5)
Amortisation charge	(30.0)	(20.0)	(50.0)
Foreign exchange differences	4.8	18.5	23.3
Closing carrying amount	86.3	317.4	403.7
At 30 June 2011			
Gross carrying amount	371.5	434.0	805.5
Accumulated amortisation	(285.2)	(116.6)	(401.8)
Net carrying amount	86.3	317.4	403.7
Year ended 30 June 2012			
Opening carrying amount	**86.3**	**317.4**	**403.7**
Additions	**34.8**	**19.0**	**53.8**
Acquisition of subsidiaries	**-**	**5.6**	**5.6**
Disposals	**(0.3)**	**(0.7)**	**(1.0)**
Disposal of subsidiaries	**-**	**(0.3)**	**(0.3)**
Amortisation charge	**(30.9)**	**(40.5)**	**(71.4)**
Foreign exchange differences	**(1.7)**	**(26.5)**	**(28.2)**
Closing carrying amount	**88.2**	**274.0**	**362.2**
At 30 June 2012			
Gross carrying amount	**402.0**	**418.5**	**820.5**
Accumulated amortisation	**(313.8)**	**(144.5)**	**(458.3)**
Net carrying amount	**88.2**	**274.0**	**362.2**

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

NOTE 23. TRADE AND OTHER PAYABLES

	2012 US$m	2011 US$m
Current		
Trade payables	**458.5**	569.8
GST/VAT, refundable deposits and other payables	**365.6**	255.9
Accruals and deferred income	**352.7**	438.6
	1,176.8	1,264.3
Non-current		
Other liabilities	**27.1**	27.0

Trade payables and other current payables are non-interest bearing and are generally settled on 30–90 day terms.

Refer to Note 30 for other financial instruments disclosures.

NOTE 24. BORROWINGS

	2012 US$m	2011 US$m
Current		
Unsecured:		
- bank overdraft	**21.5**	58.1
- bank loans[1]	**21.7**	34.0
- loan notes[2]	**-**	169.3
- accrued interest on loan notes[2,3,4,6]	**22.1**	29.5
- finance lease liabilities (Note 32)	**16.5**	26.2
- other loans	**4.6**	8.5
	86.4	325.6
Non-current		
Unsecured:		
- bank loans[1]	**1,000.6**	920.6
- loan notes[2,3,4,5,6]	**1,753.3**	1,847.4
- finance lease liabilities (Note 32)	**22.0**	41.4
- other loans	**1.8**	2.3
	2,777.7	2,811.7
Total borrowings	**2,864.1**	3,137.3

1 Unsecured bank loans include the following: (i) revolving loans in various currencies priced off LIBOR and drawn under multi-currency global banking facilities with a range of maturities out to December 2016; and (ii) various regional banking facilities providing local currency funding to certain subsidiaries. Included in bank loans are borrowings of US$436.0 million (2011: US$507.0 million) which have been designated as a hedge of the net investment in Brambles' European subsidiaries and are being used to partially hedge Brambles' exposure to foreign exchange risks on these investments.

2 Notes issued in August 2004 in respect of US$425.0 million US private placement of which US$171.0 million was redeemed in August 2011. The terms of the outstanding notes are (i) Series B US$157.5 million 5.77% Guaranteed Senior Unsecured Notes due 4 August 2014 and (ii) Series C US$96.5 million 5.94% Guaranteed Senior Unsecured Notes due 4 August 2016.

3 Notes issued in May 2009 in respect of US$110.0 million US private placement. The terms of the note are (i) Series A US$35.0 million 7.29% Guaranteed Senior Unsecured Notes due 7 May 2014; (ii) Series B US$55.0 million 7.83% Guaranteed Senior Unsecured Notes due 7 May 2016; and (iii) Series C US$20.0 million 8.23% Guaranteed Senior Unsecured Notes due 7 May 2019.

4 Notes issued in March 2010 to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act. The terms of the notes are (i) US$250.0 million 3.95% Guaranteed Senior Notes due 1 April 2015; and (ii) US$500.0 million 5.35% Guaranteed Senior Notes due 1 April 2020.

5 US$450.0 million of loan notes have been hedged with interest rate swaps for fair value risk. In accordance with AASB 139, the carrying value of the notes have been adjusted to increase debt by US$25.1 million (2011: US$20.3 million) in relation to changes in fair value attributable to the hedged risk.

6 Notes issued in April 2011 in the European bond market in respect of €500.0 million of 4.625% Guaranteed Senior Notes due 20 April 2018.

Refer to Note 30 for other financial instruments disclosures

NOTE 24. BORROWINGS - CONTINUED

	2012 US$m	2011 US$m
A) BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS		
Total facilities:		
- committed borrowing facilities	**2,272.8**	2,434.2
- loan notes	**1,736.0**	2,008.2
- credit standby/uncommitted/overdraft arrangements	**240.9**	271.5
	4,249.7	4,713.9
Facilities used at reporting date:[1]		
- committed borrowing facilities	**1,049.7**	1,000.6
- loan notes	**1,736.0**	2,008.2
- credit standby/uncommitted/overdraft arrangements	**39.5**	86.3
	2,825.2	3,095.1
Facilities available at reporting date:		
- committed borrowing facilities	**1,223.1**	1,433.6
- credit standby/uncommitted/overdraft arrangements	**201.4**	185.2
	1,424.5	1,618.8

Borrowing facilities are arranged by Brambles on behalf of its subsidiaries. Funding is generally sourced from relationship banks and debt capital market investors on a medium to long term basis. The expiry dates of committed borrowing facilities range out to December 2016 with loan notes having maturities out to April 2020. The average term to maturity of the committed borrowing facilities and the loan notes is equivalent to 3.7 years (2011: 4.1 years). These facilities are unsecured and are guaranteed as described in Note 38B.

B) BORROWING FACILITIES MATURITY PROFILE

		US$m		
Maturity	Type	Total facilities	Facilities used[1]	Facilities available
2012				
Less than 1 year	Bank loans/overdrafts/finance leases/other loans	**277.2**	**63.2**	**214.0**
1 - 2 years	Bank loans/loan notes/finance leases/other loans	**1,042.2**	**379.5**	**662.7**
2 - 3 years	Bank loans/loan notes/finance leases	**890.8**	**577.5**	**313.3**
3 - 4 years	Bank loans/loan notes/finance leases	**524.4**	**383.8**	**140.6**
4 - 5 years	Bank loans/loan notes/finance leases	**373.1**	**279.2**	**93.9**
Over 5 years	Loan notes	**1,142.0**	**1,142.0**	**-**
		4,249.7	**2,825.2**	**1,424.5**
2011				
Less than 1 year	Bank loans/loan notes/overdrafts/finance leases/other loans	477.2	292.0	185.2
1 - 2 years	Bank loans/finance leases/other loans	405.1	182.6	222.5
2 - 3 years	Bank loans/loan notes/finance leases/other loans	1,475.3	708.2	767.1
3 - 4 years	Bank loans/loan notes/finance leases/other loans	525.3	515.3	10.0
4 - 5 years	Bank loans/loan notes/finance leases	491.3	57.3	434.0
Over 5 years	Loan notes	1,339.7	1,339.7	-
		4,713.9	3,095.1	1,618.8

[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$38.9 million (2011: US$42.2 million) from loan notes and borrowings as shown in the balance sheet which are measured on the basis of amortised cost as determined under the effective interest method and include accrued interest, transaction costs and fair value adjustments on certain hedging instruments.

NOTE 25. PROVISIONS

	Employee entitlements US$m	Business disposals US$m	Other US$m	Total US$m
At 1 July 2011				
Current	78.5	8.3	102.5	189.3
Non-current	7.5	0.4	12.1	20.0
	86.0	**8.7**	**114.6**	**209.3**
Charge to income statement				
Additional provisions	**48.9**	**(4.7)**	**24.1**	**68.3**
Utilisation of provision	**(51.7)**	**(0.8)**	**(87.0)**	**(139.5)**
Acquisition of subsidiaries	**0.3**	**-**	**(6.5)**	**(6.2)**
Currency variations	**(8.0)**	**(0.7)**	**(2.7)**	**(11.4)**
At 30 June 2012	**75.5**	**2.5**	**42.5**	**120.5**
Current	**66.1**	**0.9**	**23.1**	**90.1**
Non-current	**9.4**	**1.6**	**19.4**	**30.4**

Employee entitlements provision comprises US$19.8 million (2011: US$12.8 million) for long service leave, US$1.8 million (2011: US$2.1 million) for phantom shares and US$53.9 million (2011: US$71.1 million) for bonuses and other employee-related obligations (other than those resulting from pension plans). None of these amounts related to phantom shares which had vested at reporting date. US$10.8 million (2011: US$5.3 million) of the long service leave provision has been recognised as current as it is expected to be settled within one year from reporting date. The remaining balance of long service leave of US$9.0 million (2011: US$7.5 million) is expected to settle within the next two to ten years and has been discounted to present value.

Business disposals provision is in respect of divestments completed in 2007 and prior years.

Other provisions comprise US$36.4 million (2011: US$25.0 million) for restructuring and integration costs, US$6.1 million (2011: US$26.4 million) for litigation and customer disputes and US$nil million (2011: US$63.2 million) for other known exposures.

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS

A) DEFINED CONTRIBUTION PLANS

Brambles operates a number of defined contribution retirement benefit plans for qualifying employees. The assets of these plans are held in separately administered trusts or insurance policies. In some countries, Brambles' employees are members of state-managed retirement benefit plans. Brambles is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund benefits. The only obligation of Brambles with respect to defined contribution retirement benefit plans is to make the specified contributions.

US$23.6 million (2011: US$22.9 million) representing contributions paid and payable to these plans by Brambles at rates specified in the rules of the plans relating to continuing operations has been recognised as an expense in the income statement.

B) DEFINED BENEFIT PLANS

Brambles operates a number of defined benefit pension plans, which are closed to new entrants. The majority of the plans are self-administered and the plans' assets are held independently of Brambles' finances. Under the plans, members are entitled to retirement benefits based upon a percentage of final salary. No other post-retirement benefits are provided. The plans are funded plans.

On 1 October 2011, four plans operating in the United Kingdom, Ireland and South Africa were closed to future accrual. One plan in the United Kingdom retained the link between benefits and salary for members still in employment, but for the others the link was broken resulting in a curtailment. In South Africa, the retirement obligations changed from defined benefit to defined contribution for all members still in employment. The actuarially-assessed value of a related enhancement in retirement benefits has been treated as a past-service cost and recognised in the income statement.

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 2012 by independent professionally qualified actuaries and take account of the requirements of AASB 119. The present value of the defined benefit obligation and the past service cost were measured using the projected unit credit method.

In addition to the principal defined benefit plans included in disclosures below, Brambles has a number of other arrangements in several countries that are either defined benefit pension plans or have certain defined benefit characteristics. Each of these arrangements has been assessed as immaterial separately and in aggregate and they have not been subjected to an independent AASB 119 valuation.

C) BALANCE SHEET AMOUNTS

The amounts recognised in Brambles' balance sheet in respect of defined benefit plans were as follows:

	2012 US$m	2011 US$m
Present value of defined benefit obligations	**249.5**	239.6
Fair value of plan assets	**(190.7)**	(202.2)
Net liability recognised in the balance sheet	**58.8**	37.4

Brambles has no legal obligation to settle this liability with an immediate contribution or additional one-off contributions. Brambles intends to continue to make contributions to the plans at the rates recommended by the funds' actuaries. Refer Note 26(I).

D) INCOME STATEMENT AMOUNTS

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

	2012 US$m	2011 US$m
Current service cost	**1.3**	3.7
Interest cost	**11.1**	12.8
Past service cost	**6.1**	-
Expected return on plan assets	**(10.1)**	(10.8)
Changes arising from curtailments and settlements	**(0.2)**	0.7
Net benefit expense included in employment cost (Note 7)	**8.2**	6.4

E) STATEMENT OF COMPREHENSIVE INCOME

	2012 US$m	2011 US$m
Actuarial (losses)/gains reported in the consolidated statement of comprehensive income	**(19.7)**	13.9
Cumulative actuarial losses recognised	**(24.1)**	(4.4)

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

F) DEFINED BENEFIT OBLIGATION

	2012 US$m	2011 US$m
Changes in the present value of the defined benefit obligation were as follows:		
At 1 July	**239.6**	211.1
Current service cost	**1.3**	3.7
Past service cost	**6.1**	-
Interest cost	**11.1**	12.8
Contributions from plan members	**0.3**	0.7
Actuarial gains and losses	**14.2**	(2.2)
Currency variations	**(19.3)**	20.1
Benefits paid	**(6.7)**	(7.3)
Curtailments	**(0.2)**	0.7
Defined contribution movements[1]	**3.1**	-
At 30 June	**249.5**	239.6

[1] On 1 October 2011, US$36.3 million of the defined benefit obligation and of the assets in the South African pension plan was re-designated as defined contribution. The defined contribution movements comprise employer contributions paid and expensed of US$1.2 million, investment returns of US$1.7 million and other movements of US$0.2 million.

All Brambles' defined benefit pension arrangements are closed to new entrants. Under the projected unit method, the current service cost of these arrangements will increase as a percentage of payroll as the members of the plan approach retirement.

G) PLAN ASSETS

	2012 Fair value		2011 Fair value	
	US$m	%	US$m	%
Assets held in the plans fell within the following categories:				
Equities	**70.4**	**36.9**	96.5	47.7
Bonds/gilts	**42.1**	**22.1**	51.0	25.2
Insurance bonds	**4.8**	**2.5**	5.0	2.5
Cash	**56.9**	**29.8**	19.6	9.7
Other	**16.5**	**8.7**	30.1	14.9
	190.7	**100.0**	202.2	100.0

	2012 US$m	2011 US$m
Changes in the fair value of the plan assets were as follows:		
At 1 July	**202.2**	160.7
Expected return on plan assets	**10.1**	10.9
Actuarial gains and losses	**(5.5)**	11.7
Currency variations	**(19.0)**	15.1
Contributions from sponsoring employers	**6.2**	10.4
Contributions from plan members	**0.3**	0.7
Benefits paid	**(6.7)**	(7.3)
Defined contribution movements	**3.1**	-
At 30 June	**190.7**	202.2

The actual return on plan assets was US$4.6 million (2011: US$22.7 million).

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

H) PRINCIPAL ACTUARIAL ASSUMPTIONS

Principal actuarial assumptions (expressed as weighted averages) used in determining Brambles' defined benefit obligations were:

	UK	Europe other than UK	South Africa
At 30 June 2012			
Rate of increase in salaries	**2.0%**	**3.3%**	**8.0%**
Rate of increase in pensions	**3.4%**	**2.7%**	**6.0%**
Discount rate	**4.8%**	**3.2%**	**8.0%**
Retail price inflation	**2.1%**	**2.0%**	**6.0%**
Return on equities	**8.0%**	**6.8%**	-
Return on bonds	**4.8%**	**3.4%**	-
Return on cash	**1.0%**	**2.0%**	**5.5%**
At 30 June 2011			
Rate of increase in salaries	4.7%	3.3%	5.8%
Rate of increase in pensions	3.8%	2.8%	5.8%
Discount rate	5.5%	5.1%	8.5%
Retail price inflation	2.8%	2.0%	5.8%
Return on equities	8.0%	6.8%	5.0%
Return on bonds	5.5%	3.9%	8.5%
Return on cash	1.0%	2.0%	7.0%

The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the benefit obligation.

I) EMPLOYER CONTRIBUTIONS

Employer contributions to the main defined benefit plans as a percentage of pensionable pay ceased from 1 October 2011 when the plans closed to future accrual.

The obligation to contribute to the various defined benefit plans is covered by trust deeds and/or legislation. Funding levels and contributions for these plans are based on regular actuarial advice. Comprehensive actuarial valuations are made at no more than three yearly intervals. Additional annual contributions of US$4.5 million (2011: US$3.5 million) are being paid to remove the identified deficits over a period of 9 years.

Contributions paid to the plans during 2012 were US$6.2 million (2011: US$10.4 million), all of which related to continuing operations. It is estimated that the amount of contributions to be paid to the plans during 2013 will be US$17.8 million.

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

J) HISTORICAL SUMMARY

	2012 US$m	2011 US$m	2010 US$m	2009 US$m	2008 US$m
The history of the defined benefit plan deficit at the end of each year is as follows:					
- plan liabilities	**(249.5)**	(239.6)	(211.1)	(196.0)	(242.5)
- plan assets	**190.7**	202.2	160.7	145.2	179.1
Net liability recognised in the balance sheet	**(58.8)**	(37.4)	(50.4)	(50.8)	(63.4)
The history of favourable/(unfavourable) experience adjustments made in each year is as follows:					
- on plan liabilities	**(14.2)**	2.2	(19.3)	23.4	(13.9)
- on plan assets	**(5.5)**	11.7	13.4	(26.3)	(20.7)
Net favourable/(unfavourable) adjustment	**(19.7)**	13.9	(5.9)	(2.9)	(34.6)

NOTE 27. CONTRIBUTED EQUITY

	Shares	US$m
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2010	1,422,229,707	13,979.6
Issued during the year	32,770,055	240.8
Issued during the year under the Dividend Reinvestment Plan	24,367,692	149.8
At 30 June 2011	1,479,367,454	14,370.2
At 1 July 2011	**1,479,367,454**	**14,370.2**
Issued during the year	**56,692,482**	**337.3**
Capital reduction	**-**	**(8,223.4)**
At 30 June 2012	**1,536,059,936**	**6,484.1**

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.

On 9 September 2011, Brambles Limited reduced its share capital by US$8,223.4 million in accordance with section 258F of the Corporations Act 2001, eliminating accumulated losses in the parent entity. This amount reflected the amount of share capital that was not represented by available assets at the time of the reduction.

The 56,692,482 shares issued during the year include 55,014,813 new shares issued on 18 June 2012 under the institutional component of the fully underwritten 1 for 20 pro rata accelerated renounceable entitlement offer, raising US$326.6 million, net of transaction costs. The financial statements do not reflect the subsequent issue on 10 July 2012 of 19,055,210 new shares under the retail component of the entitlement offer, which raised approximately US$120.6 million.

NOTE 28. SHARE-BASED PAYMENTS

The Remuneration Report sets out details relating to the Brambles share plans (pages 59 to 61), together with details of performance share rights and MyShare matching conditional rights issued to Executive Directors and other Key Management Personnel (pages 55 to 56). Rights granted by Brambles do not result in an entitlement to participate in share issues of any other corporation.

Set out below are summaries of rights granted under the plans.

A) GRANTS OVER BRAMBLES LIMITED SHARES ISSUED SUBSEQUENT TO UNIFICATION

Grant date	Expiry date	Balance at 1 July	Granted during the year	Exercised during the year	Forfeited/ lapsed during the year	Balance at 30 June
2012						
Performance share rights						
19 Jan 2007	31 Aug 2012	90,167	-	(39,505)	(1,667)	48,995
29 Aug 2007	30 Aug 2013	196,859	-	(57,838)	-	139,021
28 Apr 2008	29 Apr 2014	4,750	-	-	-	4,750
27 Aug 2008	27 Aug 2014	2,777,839	-	(1,013,611)	(1,558,969)	205,259
25 Nov 2009	26 Nov 2015	3,269,062	-	-	(123,283)	3,145,779
12 Apr 2010	12 Apr 2013	22,902	-	-	-	22,902
24 Nov 2010	24 Nov 2016	4,429,520	-	-	(352,735)	4,076,785
21 Feb 2011	21 Feb 2014	32,906	-	-	-	32,906
31 Mar 2011	30 Jun 2014	732,095	-	-	-	732,095
06 Sep 2011	06 Sep 2017	-	4,545,557	-	(220,892)	4,324,665
11 Nov 2011	11 Nov 2017	-	37,000	-	-	37,000
21 Nov 2011	21 Nov 2017	-	30,267	-	-	30,267
07 Jun 2012	07 Jun 2018	-	14,514	-	-	14,514
MyShare matching conditional rights						
2010 Plan Year	31 Mar 2012	526,477	-	(486,704)	(39,773)	-
2011 Plan Year	31 Mar 2013	206,238	440,712	(34,103)	(58,859)	553,988
2012 Plan Year	31 Mar 2014	-	273,989	(1,076)	(4,803)	268,110
Total rights		**12,288,815**	**5,342,039**	**(1,632,837)**	**(2,360,981)**	**13,637,036**
2011 (summarised)						
Total rights		9,125,960	5,796,637	(1,338,914)	(1,294,868)	12,288,815

Of the above grants, 398,025 rights were exercisable at 30 June 2012.

		2012	2011
Weighted average data:			
- fair value at grant date of grants made during the year	A$	**5.28**	5.46
- share price at exercise date of grants exercised during the year	A$	**6.78**	6.68
- remaining contractual life at 30 June	years	**4.0**	4.1

There were 80,381 grants, 59,716 exercises and 192,480 forfeits in performance share rights and MyShare matching conditional rights over Brambles Limited shares between the end of the financial year and 14 August 2012.

NOTE 28. SHARE-BASED PAYMENTS - CONTINUED

B) GRANTS OVER BIL OR BIP SHARES PRE-UNIFICATION, NOW OVER BRAMBLES LIMITED SHARES

At 30 June 2011, there were 17,541 unexercised performance share rights over Brambles Limited shares that were initially granted over BIL or BIP shares pre-Unification. These rights were exercised during the year. The share price at exercise date was A$6.63.

C) FAIR VALUE CALCULATIONS

The fair value of equity-settled performance share rights and MyShare matching conditional rights was determined as at grant date, using a binomial valuation methodology. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as a probability adjustment is made when computing the share-based payment expense.
The significant inputs into the valuation models for the equity-settled grants made during the year were:

	2012 Grants	2011 Grants
Weighted average share price	**A$6.44**	A$6.76
Expected volatility	**30%**	31%
Expected life	**2-3 years**	3.0 years
Annual risk-free interest rate	**3.67-3.68%**	5.16%
Expected dividend yield	**4.00%**	3.70%

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

D) SHARE-BASED PAYMENT EXPENSE - CONTINUING OPERATIONS

Brambles recognised a total expense of US$20.474 million (2011: US$13.638 million) relating to share-based payments, all within continuing operations. Of this amount, US$1.908 million related to phantom share provisions (2011: US$0.432 million).

NOTE 29. RESERVES AND RETAINED EARNINGS

	2012 US$m	2011 US$m
Reserves	**(6,689.1)**	(14,716.8)
Retained earnings	**2,945.4**	2,797.6
	(3,743.7)	(11,919.2)
Non-controlling interests in reserves and retained earnings	**-**	0.4

A) MOVEMENTS IN RESERVES AND RETAINED EARNINGS

	Reserves						
	Hedging US$m	Share-based payment US$m	Foreign currency translation US$m	Unification US$m	Other US$m	Total US$m	Retained earnings US$m
Year ended 30 June 2011							
Opening balance	(8.6)	72.7	147.0	(15,385.8)	167.3	(15,007.4)	2,660.1
Actuarial loss on defined benefit plans	-	-	-	-	-	-	10.3
Foreign exchange differences	-	-	279.0	-	-	279.0	-
Cash flow hedges:							
- fair value losses	(1.9)	-	-	-	-	(1.9)	-
- tax on fair value losses	0.6	-	-	-	-	0.6	-
- transfers to net profit	7.7	-	-	-	-	7.7	-
- transfers to property, plant and equipment	0.3	-	-	-	-	0.3	-
- tax on transfers to net profit	(2.9)	-	-	-	-	(2.9)	-
Share-based payments:							
- expense recognised during the year	-	13.2	-	-	-	13.2	-
- shares issued	-	(9.2)	-	-	-	(9.2)	-
- equity component of related tax	-	3.8	-	-	-	3.8	-
Dividends declared	-	-	-	-	-	-	(348.1)
Net profit for the year	-	-	-	-	-	-	475.3
Closing balance	(4.8)	80.5	426.0	(15,385.8)	167.3	(14,716.8)	2,797.6
Year ended 30 June 2012							
Opening balance	**(4.8)**	**80.5**	**426.0**	**(15,385.8)**	**167.3**	**(14,716.8)**	**2,797.6**
Actuarial loss on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**(14.3)**
FCTR released to profits during the year	**-**	**-**	**(12.5)**	**-**	**-**	**(12.5)**	**-**
FCTR on entities disposed taken to profit	**-**	**-**	**(1.7)**	**-**	**-**	**(1.7)**	**-**
Foreign exchange differences	**-**	**-**	**(192.5)**	**-**	**-**	**(192.5)**	**-**
Cash flow hedges:							
- transfers to net profit	**5.1**	**-**	**-**	**-**	**-**	**5.1**	**-**
- tax on transfers to net profit	**(1.7)**	**-**	**-**	**-**	**-**	**(1.7)**	**-**
Share-based payments:							
- expense recognised during the year	**-**	**18.6**	**-**	**-**	**-**	**18.6**	**-**
- shares issued	**-**	**(11.1)**	**-**	**-**	**-**	**(11.1)**	**-**
- equity component of related tax	**-**	**0.1**	**-**	**-**	**-**	**0.1**	**-**
Capital reduction	**-**	**-**	**-**	**8,223.4**	**-**	**8,223.4**	**-**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**(414.2)**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**576.3**
Closing balance	**(1.4)**	**88.1**	**219.3**	**(7,162.4)**	**167.3**	**(6,689.1)**	**2,945.4**

NOTE 29. RESERVES AND RETAINED EARNINGS - CONTINUED

B) NATURE AND PURPOSE OF RESERVES

Hedging reserve

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

Share-based payments reserve

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

Foreign currency translation reserve

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

Unification reserve

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

Other

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

NOTE 30. FINANCIAL RISK MANAGEMENT

Brambles is exposed to a variety of financial risks: market risk (including the effect of fluctuations in interest rates and exchange rates), liquidity risk and credit risk.

Brambles' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Brambles.

Brambles uses standard derivative financial instruments to manage its risk exposure in the normal course of business. Brambles does not trade in financial instruments for speculative purposes. Hedging activities are conducted through Brambles' Treasury department on a centralised basis in accordance with Board policies and guidelines through standard operating procedures and delegated authorities.

Policies with respect to financial risk management and hedging activities are discussed below and should be read in conjunction with detailed information contained in the Treasury & Risk Review on pages 12 to 13.

A) FAIR VALUES

Set out below is a comparison by category of the carrying amounts and fair values of financial instruments recognised in the balance sheet. With the exception of loans and receivables and derivatives designated as hedging instruments, all financial assets are classified as financial assets at fair value through profit or loss.

	Carrying amount		Fair value	
	2012 US$m	2011 US$m	2012 US$m	2011 US$m
Financial assets				
- cash at bank and in hand (Note 14)	**143.4**	112.1	**143.4**	112.1
- short term deposits (Note 14)	**30.8**	26.4	**30.8**	26.4
- trade receivables (Note 15)	**805.6**	838.1	**805.6**	838.1
- interest rate swaps (Note 17)	**27.3**	22.8	**27.3**	22.8
- embedded derivatives (Note 17)	**0.4**	1.0	**0.4**	1.0
- forward foreign currency contracts (Note 17)	**0.2**	1.6	**0.2**	1.6
Financial liabilities				
- trade payables (Note 23)	**458.5**	569.8	**458.5**	569.8
- bank overdrafts (Note 24)	**21.5**	58.1	**21.5**	58.1
- bank loans (Note 24)	**1,022.3**	954.6	**1,022.3**	954.6
- loan notes (Note 24)	**1,775.4**	2,046.2	**1,915.2**	2,103.8
- finance lease liabilities (Note 24)	**38.5**	67.6	**38.5**	67.6
- other loans (Note 24)	**6.4**	10.8	**6.4**	10.8
- interest rate swaps (Note 17)	**3.8**	8.9	**3.8**	8.9
- forward foreign currency contracts (Note 17)	**2.0**	0.4	**2.0**	0.4

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

A) FAIR VALUES - CONTINUED

Brambles uses the following methods in estimating the fair values of financial instruments:

- Level 1 - the fair value is calculated using quoted prices in active markets;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not observable market data.

The table below sets out the fair values and methods used to estimate the fair value of derivatives designated as hedging instruments.

	2012				2011			
	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
Derivative financial assets								
- interest rate swaps	**-**	**27.3**	**-**	**27.3**	-	22.8	-	22.8
- embedded derivatives	**-**	**0.4**	**-**	**0.4**	-	1.0	-	1.0
- forward foreign currency contracts	**-**	**0.2**	**-**	**0.2**	-	1.6	-	1.6
Derivative financial liabilities								
- interest rate swaps	**-**	**3.8**	**-**	**3.8**	-	8.9	-	8.9
- forward foreign currency contracts	**-**	**2.0**	**-**	**2.0**	-	0.4	-	0.4

The fair values of derivatives designated as hedging instruments are determined using valuation techniques that are based on observable market data. For forward foreign exchange contracts, the net fair value is taken to be the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity dates. Fair value for other financial assets and liabilities has been calculated by discounting future cash flows at prevailing interest rates for the relevant yield curve.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK

Brambles has the following risk policies in place with respect to market risk.

Interest rate risk

Brambles' exposure to potential volatility in finance costs, predominantly US dollars and euros, is managed by maintaining a mix of fixed and floating-rate instruments within select target bands over defined periods. In most cases, interest rate derivatives are used to achieve these targets synthetically.

The following table sets out the financial instruments exposed to interest rate risk at reporting date:

	2012 US$m	2011 US$m
Financial assets (floating rate)		
Cash at bank	**143.4**	112.1
Short term deposits	**30.8**	26.4
	174.2	138.5
Weighted average effective interest rate	**1.1%**	1.6%
Financial liabilities (floating rate)		
Bank overdrafts	**21.5**	58.1
Bank loans	**1,022.3**	954.6
Interest rate swaps (notional value) - cash flow hedges	**(200.0)**	(272.3)
Interest rate swaps (notional value) - fair value hedges	**450.0**	450.0
Net exposure to cash flow interest rate risk	**1,293.8**	1,190.4
Weighted average effective interest rate	**2.3%**	3.7%
Financial liabilities (fixed rate)		
Loan notes	**1,775.4**	2,046.2
Finance lease liabilities	**38.5**	67.6
Other loans	**6.4**	10.8
Interest rate swaps (notional value) - cash flow hedges	**200.0**	272.3
Interest rate swaps (notional value) - fair value hedges	**(450.0)**	(450.0)
Net exposure to fair value interest rate risk	**1,570.3**	1,946.9
Weighted average effective interest rate	**5.3%**	5.1%

Interest rate swaps - cash flow hedges

Brambles enters into various interest rate risk management transactions for the purpose of managing finance costs to achieve more stable and predictable finance expense results. The instruments primarily used are interest rate swaps.

During 2012, Brambles entered into or maintained interest rate swap transactions with various banks hedging variable rate borrowings in US dollars and euros. The purpose of the interest rate swaps was to hedge variable interest expense under borrowings against rising interest rates. Interest rate swaps achieve this by synthetically converting the variable interest rate payment into a fixed interest liability on the dates on which interest is payable on the underlying debt. The fair value of these contracts at reporting date was US$(3.8) million (2011: US$(8.9) million).

The terms of the contracts have been negotiated to match the projected drawdowns and rollovers of variable rate bank debt.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Interest rate swaps - fair value hedges

Brambles has entered into interest rate swap transactions with various banks swapping US$450.0 million of the US$750.0 million 144A bonds to variable rate. The fair value of these contracts at reporting date was US$27.3 million (2011: US$22.7 million).

The terms of the swaps match the terms of the fixed rate bond issue for the amounts and durations being hedged.

The gain or loss from re-measuring the interest rate swaps at fair value is recorded in the income statement together with any changes in the fair value of the hedged asset or liability that is attributed to the hedged risk. For 2012, all interest rate swaps were effective hedging instruments.

Sensitivity analysis

The following table sets out the sensitivity of Brambles' financial assets and financial liabilities to interest rate risk applying the following assumptions:

	Interest rate risk			
	2012		2011	
	lower rates	higher rates	lower rates	higher rates
US dollar interest rates	**- 25 bps**	**+ 75 bps**	- 15 bps	+ 75 bps
Australian dollar interest rates	**- 50 bps**	**+ 75 bps**	- 25 bps	+ 75 bps
Sterling interest rates	**- 25 bps**	**+ 75 bps**	- 25 bps	+ 75 bps
Euro interest rates	**- 25 bps**	**+ 75 bps**	- 25 bps	+ 75 bps

	US$m	US$m	US$m	US$m
Impact on profit after tax	**1.9**	**(6.8)**	0.5	(4.8)
Impact on equity	**-**	**0.1**	(0.5)	0.3

Based on financial instruments held at 30 June 2012, if interest rates were to parallel shift by the number of basis points in the different currencies noted above with all other variables held constant, profit after tax for the year would have been US$1.9 million higher or US$6.8 million lower (2011: US$0.5 million higher or US$4.8 million lower), mainly as a result of lower/higher interest expense on bank borrowings. The impact on equity would have been US$nil million or US$0.1 million higher (2011: US$0.5 million lower or US$0.3 million higher) mainly as a result of the incremental movement through the hedging reserve relating to the effective portion of cash flow hedges. Given its geographically diverse operations, Brambles had interest rate exposure positions against a variety of currencies, predominantly US dollars and euros.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Foreign exchange risk

Exposure to foreign exchange risk generally arises in transactions affecting either the value of transactions translated back to the functional currency of a subsidiary or affecting the value of assets and liabilities of overseas subsidiaries when translated back to the Group's reporting currency. Foreign exchange hedging is used when a transaction exposure exceeds certain thresholds and as soon as a defined exposure arises.

Currency profile

The following table sets out the currency mix profile of Brambles' financial instruments at reporting date:

	US dollar US$m	Aust. dollar US$m	Sterling US$m	Euro US$m	Other US$m	Total US$m
2012						
Financial assets						
- cash at bank and in hand	**19.0**	**2.3**	**8.3**	**47.2**	**66.6**	**143.4**
- short term deposits	**-**	**21.6**	**-**	**-**	**9.2**	**30.8**
- interest rate swaps	**27.3**	**-**	**-**	**-**	**-**	**27.3**
- embedded derivatives	**-**	**-**	**-**	**-**	**0.4**	**0.4**
- forward foreign currency contracts	**0.1**	**160.6**	**133.9**	**55.6**	**191.8**	**542.0**
	46.4	**184.5**	**142.2**	**102.8**	**268.0**	**743.9**
Financial liabilities						
- bank overdrafts	**-**	**-**	**0.2**	**6.5**	**14.8**	**21.5**
- bank loans	**432.9**	**0.8**	**-**	**76.4**	**76.2**	**586.3**
- loan notes	**1,152.2**	**-**	**-**	**623.2**	**-**	**1,775.4**
- finance lease liabilities	**7.5**	**0.1**	**-**	**30.8**	**0.1**	**38.5**
- other loans	**-**	**0.3**	**-**	**4.3**	**1.8**	**6.4**
- interest rate swaps	**3.8**	**-**	**-**	**-**	**-**	**3.8**
- forward foreign currency contracts	**321.9**	**3.4**	**0.3**	**147.5**	**70.7**	**543.8**
- net investment hedge	**-**	**-**	**-**	**436.0**	**-**	**436.0**
	1,918.3	**4.6**	**0.5**	**1,324.7**	**163.6**	**3,411.7**
2011						
Financial assets						
- cash at bank and in hand	7.5	8.7	-	35.6	60.3	112.1
- short term deposits	-	-	-	0.4	26.0	26.4
- interest rate swaps	22.7	-	-	0.1	-	22.8
- embedded derivatives	-	-	-	-	1.0	1.0
- forward foreign currency contracts	7.6	125.6	-	17.9	136.2	287.3
	37.8	134.3	-	54.0	223.5	449.6
Financial liabilities						
- bank overdrafts	7.4	-	2.7	37.1	10.9	58.1
- bank loans	201.6	38.7	-	73.7	133.6	447.6
- loan notes	1,322.3	-	-	723.9	-	2,046.2
- finance lease liabilities	0.2	-	-	67.4	-	67.6
- other loans	-	-	-	8.9	1.9	10.8
- interest rate swaps	8.9	-	-	-	-	8.9
- forward foreign currency contracts	105.8	3.8	23.8	128.0	24.7	286.1
- net investment hedge	-	-	-	507.0	-	507.0
	1,646.2	42.5	26.5	1,546.0	171.1	3,432.3

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Forward foreign exchange contracts - cash flow hedges

Brambles enters into forward foreign exchange contracts to hedge currency exposures arising from normal commercial transactions such as the purchase and sale of equipment and services, intercompany interest and royalties.

During 2012, Brambles entered into forward foreign exchange transactions with various banks in a variety of cross-currencies for terms ranging up to 7 months. Most contracts create an obligation on Brambles to take receipt of or deliver a foreign currency which is used to fulfil the foreign currency sale or purchase order.

The gain or loss from re-measuring the foreign exchange contracts at fair value is deferred and recognised in the hedging reserve in equity to the extent that the hedge is effective and reclassified into profit and loss when the hedged item is recognised. Any ineffective portion is charged to the income statement. For 2012 and 2011, all foreign exchange contracts were effective hedging instruments.

Foreign exchange contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. The fair value of these contracts at reporting date was US$nil million (2011: US$(0.3) million).

Other forward foreign exchange contracts

Brambles enters into other forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas subsidiaries. In this case, the forward foreign exchange contract provides an economic hedge against exchange fluctuations in the foreign currency loan balance. The face value and terms of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loan and foreign exchange contracts to spot rates are offset in the income statement. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading.

These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are taken to the income statement immediately. The fair value of these contracts at reporting date was US$(1.8) million (2011: US$1.5 million).

Hedge of net investment in foreign entity

Included in bank loans at 30 June 2012 is a borrowing of US$436.0 million (2011: US$507.0 million) denominated in euros. This loan has been designated as a hedge of the net investment in Brambles' European subsidiaries and is being used to partially hedge Brambles' exposure to foreign exchange risks on these investments. For 2012 and 2011, there was no ineffectiveness to be recorded from such partial hedges of net investments in foreign entities.

Sensitivity analysis

The following table sets out the sensitivity of Brambles' financial assets and financial liabilities to foreign exchange risk (transaction exposures only):

	Foreign exchange risk			
	2012		2011	
	lower rates	higher rates	lower rates	higher rates
Exchange rate movement	**-10%**	**+10%**	-10%	+10%
	US$m	US$m	US$m	US$m
Impact on profit after tax	**0.1**	**(0.1)**	0.1	(0.1)
Impact on equity	**(30.5)**	**30.5**	(36.5)	36.5

Based on the financial instruments held at 30 June 2012, if exchange rates were to weaken/strengthen by 10% with all other variables held constant, profit after tax for the year would have been US$0.1 million higher/lower (2011: US$0.1 million higher/lower). The impact on equity would have been US$30.5 million lower/higher (2011: US$36.5 million lower/higher) as a result of the incremental movement through the foreign currency translation reserve relating to the effective portion of a net investment hedge.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK

Brambles' objective is to maintain adequate liquidity to meet its financial obligations as and when they fall due. Brambles funds its operations through existing equity, retained cash flow and borrowings. Funding is generally sourced from relationship banks and debt capital market investors on a medium to long term basis.

Bank credit facilities are generally structured on a committed multi-currency revolving basis and at balance date had maturities ranging out to December 2016. Borrowings under the bank credit facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

Borrowings are raised from debt capital markets by the issue of unsecured fixed interest notes, with interest payable semi-annually or annually.

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

To minimise foreign exchange risks, borrowings are arranged in the currency of the relevant operating asset to be funded.

Refer to Note 24A for borrowing facilities and credit standby arrangements disclosures.

Maturities of derivative financial assets and liabilities

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

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	Over 4 years US$m	Total contractual cash flows US$m	Carrying amount assets/ (liabilities) US$m
2012							
Net settled							
Interest rate swaps							
- cash flow hedges	**(3.0)**	**(0.8)**	**-**	**-**	**-**	**(3.8)**	**(3.8)**
- fair value hedges	**8.3**	**10.5**	**8.5**	**-**	**-**	**27.3**	**27.3**
Gross settled							
Forward foreign exchange contracts							
- inflow	**542.0**	**-**	**-**	**-**	**-**	**542.0**	**(1.8)**
- (outflow)	**(543.8)**	**-**	**-**	**-**	**-**	**(543.8)**	**-**
	3.5	**9.7**	**8.5**	**-**	**-**	**21.7**	**21.7**
2011							
Net settled							
Interest rate swaps							
- cash flow hedges	(5.6)	(3.0)	(0.2)	-	-	(8.8)	(8.8)
- fair value hedges	9.6	8.3	4.7	0.1	-	22.7	22.7
Gross settled							
Forward foreign exchange contracts							
- inflow	287.3	-	-	-	-	287.3	1.2
- (outflow)	(286.1)	-	-	-	-	(286.1)	-
	5.2	5.3	4.5	0.1	-	15.1	15.1

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK - CONTINUED

Maturities of non-derivative financial liabilities

The maturity of Brambles' contractual cash flows on non-derivative financial liabilities, based on the remaining period to contractual maturity date, for principal and interest, is presented below. Refer to Note 24B for borrowing facilities maturity profile.

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	Over 4 years US$m	Total contractual cash flows US$m	Carrying amount US$m
2012							
Financial liabilities							
Trade payables	**458.6**	**-**	**-**	**-**	**-**	**458.6**	**458.5**
Bank overdrafts	**21.5**	**-**	**-**	**-**	**-**	**21.5**	**21.5**
Bank loans	**45.7**	**353.8**	**184.1**	**340.9**	**192.1**	**1,116.6**	**1,022.3**
Loan notes	**104.9**	**116.2**	**488.3**	**124.7**	**1,486.2**	**2,320.3**	**1,775.4**
Finance lease liabilities	**18.5**	**13.4**	**8.0**	**3.0**	**0.5**	**43.4**	**38.5**
Other loans	**4.6**	**1.8**	**-**	**-**	**-**	**6.4**	**6.4**
	653.8	**485.2**	**680.4**	**468.6**	**1,678.8**	**3,966.8**	**3,322.6**
Financial guarantees[1]	**116.7**	**-**	**-**	**-**	**-**	**116.7**	**-**
	770.5	**485.2**	**680.4**	**468.6**	**1,678.8**	**4,083.5**	**3,322.6**
2011							
Financial liabilities							
Trade payables	569.8	-	-	-	-	569.8	569.8
Bank overdrafts	58.1	-	-	-	-	58.1	58.1
Bank loans	71.5	196.3	681.2	104.4	-	1,053.4	954.6
Loan notes	292.9	91.7	126.2	486.0	1,648.0	2,644.8	2,046.2
Finance lease liabilities	29.6	20.6	12.9	8.0	2.5	73.6	67.6
Other loans	8.7	0.2	2.1	0.1	-	11.1	10.8
	1,030.6	308.8	822.4	598.5	1,650.5	4,410.8	3,707.1
Financial guarantees[1]	144.3	-	-	-	-	144.3	-
	1,174.9	308.8	822.4	598.5	1,650.5	4,555.1	3,707.1

1 Refer to Note 33A for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. Brambles does not expect these payments to eventuate.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

D) CREDIT RISK EXPOSURE

Brambles is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments as set out in Note 30A. There is no significant concentration of credit risk.

Brambles trades only with recognised, creditworthy third parties. Collateral is generally not obtained from customers.

Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Credit limits are set for individual customers and approved by credit managers in accordance with an approved authority matrix. These credit limits are regularly monitored and revised based on historic turnover activity and credit performance. In addition, overdue receivable balances are monitored and actioned on a regular basis.

Exposure to credit risk also arises from amounts receivable from unrealised gains on derivative financial instruments. At the reporting date, this amount was US$27.5 million (2011: US$24.2 million). Brambles transacts derivatives with prominent financial institutions and has credit limits in place to limit exposure to any potential non-performance by its counterparties.

E) CAPITAL RISK MANAGEMENT

Brambles' objective when managing capital is to ensure Brambles continues as a going concern as well as to provide a balance between financial flexibility and balance sheet efficiency. In determining its capital structure, Brambles considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital and ease of access to funding sources.

Brambles manages its capital structure to be consistent with a solid investment grade credit. At 30 June 2012, Brambles held investment grade credit ratings of BBB+ from Standard and Poor's and Baa1 from Moody's Investor Services.

Initiatives available to Brambles to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying-back share capital, issuing new shares, selling assets to reduce debt and varying the maturity profile of its borrowings.

Brambles considers its capital to comprise:

	2012 US$m	2011 US$m
Total borrowings	**2,864.1**	3,137.3
Less: cash and cash equivalents	**(174.2)**	(138.5)
Net debt	**2,689.9**	2,998.8
Total equity	**2,740.4**	2,451.4
Total capital	**5,430.3**	5,450.2

Brambles has a financial policy to target a net debt to EBITDA ratio of less than 1.75 to 1. Brambles is compliant with this financial policy at 30 June 2012.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

E) CAPITAL RISK MANAGEMENT - CONTINUED

Under the terms of its major borrowing facilities, Brambles is required to comply with the following financial covenants:

- the ratio of net debt to EBITDA is to be no more than 3.5 to 1; and
- the ratio of EBITDA to net finance costs is to be no less than 3.5 to 1.

Brambles has complied with these financial covenants for 2012 and prior years. At balance date, based on the definitions below, the ratios were:

	2012 US$m	2011 US$m
Total borrowings	**2,864.1**	3,137.3
Less: fair value adjustments due to hedge accounting	**(25.1)**	(20.3)
Less: cash and cash equivalents	**(174.2)**	(138.5)
Net debt	**2,664.8**	2,978.5
EBITDA	**1,556.4**	1,330.6
Net finance costs	**152.0**	127.5
Net debt/EBITDA (times)	**1.7**	2.2
EBITDA/net finance cost (times)	**10.2**	10.4

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

- EBITDA means Brambles' consolidated operating profit (excluding Significant items outside the ordinary course of business) before depreciation, amortisation, impairment, profit of joint ventures and associates and certain fair value adjustments in respect of financial derivatives; and
- net debt means Brambles' consolidated total borrowings, excluding the impact of fair value adjustments in relation to hedge accounting, less cash and cash equivalents.

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

A) RECONCILIATION OF CASH

	2012 US$m	2011 US$m
For the purpose of the cash flow statement, cash comprises:		
Cash at bank and in hand (Note 14)	**143.4**	112.1
Short term deposits (Note 14)	**30.8**	26.4
Bank overdraft (Note 24)	**(21.5)**	(58.1)
	152.7	80.4

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

	2012 US$m	2011 US$m
Profit after tax	**576.3**	475.4
Adjustments for:		
- depreciation and amortisation	**552.2**	485.5
- irrecoverable pooling equipment provision expense	**100.1**	104.9
- net gains on disposals of property, plant and equipment	**(14.3)**	(36.5)
- impairment of property, plant and equipment	**15.2**	14.5
- other valuation adjustments	**(0.1)**	(0.1)
- net gains on disposal of businesses and investments	**-**	(10.9)
- joint ventures	**(1.4)**	(0.9)
- equity-settled share-based payments	**18.6**	13.2
- finance revenues and costs	**(6.4)**	(37.1)
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- increase in trade and other receivables	**(123.1)**	(79.4)
- (increase)/decrease in prepayments	**(4.0)**	1.1
- decrease/(increase) in inventories	**10.3**	(5.9)
- increase/(decrease) in deferred taxes	**46.0**	(20.2)
- increase in trade and other payables	**8.1**	70.1
- (decrease)/increase in tax payables	**(49.8)**	5.3
- (decrease)/increase in provisions	**(33.8)**	37.6
- other	**(4.7)**	(3.1)
Net cash inflow from operating activities	**1,089.2**	1,013.5

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

C) RECONCILIATION OF MOVEMENT IN NET DEBT

	2012 US$m	2011 US$m
Net debt at beginning of the year	**2,998.8**	1,759.3
Net cash inflow from operating activities	**(1,089.2)**	(1,013.5)
Net cash outflow from investing activities	**932.8**	1,762.5
Net (inflow)/outflow from hedge instruments	**(4.6)**	9.5
Proceeds from issue of ordinary shares	**(326.6)**	(231.1)
Dividends paid (2011: net of Dividend Reinvestment Plan)	**397.7**	224.0
Increase on business acquisitions and disposals	**3.2**	453.5
Interest accruals, finance leases and other	**7.2**	(15.9)
Foreign exchange differences	**(229.4)**	50.5
Net debt at end of the year	**2,689.9**	2,998.8
Being:		
Current borrowings	**86.4**	325.6
Non-current borrowings	**2,777.7**	2,811.7
Cash and cash equivalents	**(174.2)**	(138.5)
Net debt at end of the year	**2,689.9**	2,998.8

D) NON-CASH FINANCING OR INVESTING ACTIVITIES

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

NOTE 32. COMMITMENTS

A) CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2012, Brambles had commitments of US$86.3 million (2011: US$110.1 million) principally relating to property, plant and equipment.

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

	2012 US$m	2011 US$m
Within one year	**86.3**	110.1
Between one and five years	**-**	-
	86.3	110.1

B) OPERATING LEASE COMMITMENTS

Brambles has taken out operating leases for offices, operational locations and plant and equipment. The leases have varying terms, escalation clauses and renewal rights. Escalation clauses are rare and any impact is considered immaterial.

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

	Plant		Occupancy	
	2012 US$m	2011 US$m	2012 US$m	2011 US$m
Within one year	**35.3**	34.6	**174.3**	194.6
Between one and five years	**38.9**	42.0	**505.0**	548.8
After five years	**-**	0.1	**276.0**	298.9
Minimum lease payments	**74.2**	76.7	**955.3**	1,042.3

During the year, operating lease expense of US$230.5 million (2011: US$228.3 million) was recognised in the income statement.

C) FINANCE LEASE COMMITMENTS

Finance leases of plant and equipment are not a material feature of Brambles' funding arrangements. Finance lease commitments are payable as follows:

	Plant	
	2012 US$m	2011 US$m
Minimum lease payments		
Within one year	**18.5**	29.6
Between one and five years	**24.9**	44.0
	43.4	73.6
Finance costs		
Within one year	**(2.0)**	(3.4)
Between one and five years	**(2.9)**	(2.6)
	(4.9)	(6.0)
Minimum lease payments recognised as a liability		
Within one year	**16.5**	26.2
Between one and five years	**22.0**	41.4
	38.5	67.6

NOTE 33. CONTINGENCIES

a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to performance under contracts entered into totalling US$116.7 million (2011: US$127.5 million), of which US$94.6 million (2011: US$120.1 million) is also guaranteed by Brambles Limited. US$15.3 million is also guaranteed by Brambles Limited and certain of its subsidiaries under a deed of cross-guarantee and are included in Note 38B.

b) A subsidiary has provided guarantees on a several basis in relation to a reduction in the share premium account of another subsidiary in favour of certain creditors which amounts to US$0.1 million (2011: US$1.8 million).

c) A subsidiary has guaranteed certain lease obligations of third parties totalling US$5.3 million (2011: US$10.3 million). A subsidiary has provided guarantees to support lease facilities entered into by certain other subsidiaries. Total facilities available amount to US$10.3 million (2011: US$11.8 million), of which US$10.3 million (2011: US$11.8 million) has been drawn.

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

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

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

e) 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.

f) Brambles has given vendor warranties in relation to businesses sold in prior years. Brambles has recognised the financial impact of such vendor warranties and adjustments on the basis of information currently available. A contingent liability exists for any amounts which may ultimately be borne by Brambles which are in excess of the amounts provided at 30 June 2012.

NOTE 34. AUDITORS' REMUNERATION

	2012 US$'000	2011 US$'000
Amounts received or due and receivable by PwC (Australia) for:		
Audit services:		
- audit and review of Brambles' financial reports	**1,622**	1,567
- other assurance services	**13**	168
	1,635	1,735
Other services:		
- acquisition due diligence	**2,549**	1,473
- tax advisory services	**-**	38
	2,549	1,511
Total remuneration of PwC (Australia)	**4,184**	3,246
Amounts received or due and receivable by related practices of PwC (Australia) for:		
Audit services:		
- audit and review of Brambles' financial reports	**4,834**	2,835
- other assurance services	**123**	24
	4,957	2,859
Other services:		
- tax advisory services	**152**	234
- other	**53**	32
	205	266
Total remuneration of related practices of PwC (Australia)	**5,162**	3,125
Total PwC remuneration	**9,346**	6,371
Amounts received or due and receivable by non-PwC audit firms for audit of subsidiaries' financial reports	**-**	1,294
Total auditors' remuneration	**9,346**	7,665

From time to time, Brambles employs PwC on assignments additional to their statutory audit duties where PwC, through their detailed knowledge of the Group, are best placed to perform the services from an efficiency, effectiveness and cost perspective. The performance of such non-audit related services is always balanced with the fundamental objective of ensuring PwC's objectivity and independence as auditors. To ensure this balance, Brambles' Charter of Audit Independence requires that the Audit Committee approve any management recommendation that PwC undertake non-audit work (with approval being delegated to the Chief Financial Officer within specified monetary limits).

In 2012 and 2011, non-audit assignments primarily related to the Recall divestment process, acquisition due diligence, tax consulting advice and implementation of a compliance tracking system.

NOTE 35. KEY MANAGEMENT PERSONNEL

A) KEY MANAGEMENT PERSONNEL COMPENSATION

Short term employee benefits	**13,424**	12,663
Post employment benefits	**442**	796
Other benefits	**96**	86
Termination/sign-on/retirement benefits	**2,587**	676
Share-based payment expense	**6,585**	3,358
	23,134	17,579

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

B) EQUITY INSTRUMENTS DISCLOSURE RELATING TO KEY MANAGEMENT PERSONNEL

The number of ordinary shares and options/share rights in Brambles held during the financial year by key management personnel, including their related parties, are set out below:

Name and holdings	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Changes during the year	Balance at end of the year[1]	Vested and exercisable at end of the year
2012							
Executive Directors							
T J Gorman							
Ordinary shares	40,967	-	-	-	87,815	128,782	-
Share rights	955,882	544,303	94,220	89,629	-	1,316,336	-
G J Hayes							
Ordinary shares	-	-	-	-	-	-	-
Share rights	735,011	424,809	-	-	-	1,159,820	-
Current Key Management Personnel							
J Holley							
Ordinary shares	-	-	-	-	229	229	-
Share rights	-	125,859	-	-	-	125,859	-
P S Mackie							
Ordinary shares	961	-	-	-	1,204	2,165	-
Share rights	272,237	166,093	24,894	37,990	-	375,446	-
K Pohler							
Ordinary shares	-	-	-	-	-	-	-
Share rights	251,637	-	-	-	-	251,637	-
E E Potts							
Ordinary shares	66,607	-	-	-	26,452	93,059	-
Share rights	346,488	137,695	37,668	53,719	-	392,796	-
J D Rabbino							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	-	-	-	-	-	-
N P Smith							
Ordinary shares	2,630	-	-	-	1,502	4,132	-
Share rights	334,360	140,514	48,682	49,261	-	376,931	-
R J Westerbos							
Ordinary shares	101,495	-	-	-	-	101,495	-
Share rights	116,434	147,658	-	-	-	264,092	-
Former Key Management Personnel							
J R A Judd							
Ordinary shares	79,436	-	-	-	(15,066)	64,370	-
Share rights	296,916	118,444	48,090	153,712	-	213,558	-
J D Ritchie							
Ordinary shares	60,324	-	-	-	(60,302)	22	-
Share rights	200,658	192	1,103	84,948	-	114,799	-
K J Shuba							
Ordinary shares	57,766	-	-	-	42,020	99,786	-
Options/share rights	379,094	136,243	60,508	175,775	-	279,054	-

1 Closing balances are as at the end of the year for ongoing employees and as at cessation of employment for those whose employment ended during the year.

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

Name and holdings	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Changes during the year	Balance at end of the year[1]	Vested and exercisable at end of the year
2011							
Executive Directors							
T J Gorman							
Ordinary shares	930	-	-	-	40,037	40,967	-
Share rights	546,682	446,224	37,024	-	-	955,882	-
G J Hayes							
Ordinary shares	-	-	-	-	-	-	-
Share rights	405,870	329,141	-	-	-	735,011	-
Current Key Management Personnel							
J R A Judd							
Ordinary shares	65,399	-	-	-	14,037	79,436	-
Share rights	219,192	119,699	13,284	28,691	-	296,916	-
P S Mackie							
Ordinary shares	854	-	-	-	107	961	-
Share rights	139,763	156,686	6,628	17,584	-	272,237	-
K Pohler							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	251,637	-	-	-	251,637	-
E E Potts							
Ordinary shares	58,126	-	-	-	8,481	66,607	-
Share rights	276,704	152,538	11,393	71,361	-	346,488	-
J D Ritchie							
Ordinary shares	39,941	-	-	-	20,383	60,324	-
Share rights	92,602	135,168	27,112	-	-	200,658	-
K J Shuba							
Ordinary shares	46,452	-	-	-	11,314	57,766	-
Options/share rights	283,396	134,255	14,312	24,245	-	379,094	-
N P Smith							
Ordinary shares	1,046	-	-	-	1,584	2,630	-
Share rights	195,389	139,746	775	-	-	334,360	-
R J Westerbos							
Ordinary shares	-	-	-	-	101,495	101,495	-
Share rights	-	116,434	-	-	-	116,434	-
Former Key Management Personnel							
J L Infinger							
Ordinary shares	135	-	-	-	194	329	-
Share rights	128,717	-	-	-	-	128,717	-

C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other transactions with key management personnel are set out in Note 36C.

Further remuneration disclosures are set out in the Directors' Report on pages 46 to 62 of the Annual Report.

NOTE 36. RELATED PARTY INFORMATION

A) BRAMBLES

Brambles comprises Brambles Limited and the entities which it controls.

Borrowings under the bilateral bank credit facilities are undertaken by a limited number of Brambles subsidiaries. Funding of other subsidiaries within Brambles is by way of intercompany loans, all of which are documented and carry commercial interest rates applicable to the currency and terms of the loans.

Brambles Limited charges Brambles' borrowers a commercially-determined guarantee fee for the guarantees and cross-guarantees it has given in relation to borrowing facilities, as described in Note 38B.

Dividends are declared within the group only as required for funding or other commercial reasons.

Brambles has in place cost sharing agreements to ensure that relevant costs are taken up by the entities receiving the benefits.

All amounts receivable and payable by entities within Brambles and any interest thereon are eliminated on consolidation.

B) JOINT VENTURES

Brambles' share of the net results of joint ventures is disclosed in Note 19.

C) OTHER TRANSACTIONS

Other transactions entered into during the year with Directors of Brambles Limited; with Director-related entities; with key management personnel (KMP, as set out in the Directors' Report); or with KMP-related entities were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses. Any other transactions were trivial or domestic in nature.

D) OTHER RELATED PARTIES

A subsidiary has a non-interest bearing advance outstanding as at 30 June 2012 of US$1,432,000 (2011: US$1,327,000) to Brambles Custodians Pty Limited, the trustee under Brambles' employee loan scheme. This scheme enabled employees to acquire shares in BIL and has been closed to new entrants since August 2002.

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

E) MATERIAL SUBSIDIARIES

The principal subsidiaries of Brambles during the year were:

		% interest held at reporting date	
Name	**Place of incorporation**	**2012**	**2011**
CHEP			
CHEP USA	USA	**100**	100
CHEP Canada, Inc.	Canada	**100**	100
CHEP UK Limited	UK	**100**	100
CHEP France SA	France	**100**	100
CHEP Deutschland GmbH	Germany	**100**	100
CHEP Espana SA	Spain	**100**	100
CHEP Mexico SA de CV	Mexico	**100**	100
CHEP Benelux Nederland BV	The Netherlands	**100**	100
CHEP Italia SRL	Italy	**100**	100
Brambles Enterprises Limited	UK	**100**	100
CHEP South Africa (Proprietary) Limited	South Africa	**100**	100
CHEP Australia Limited	Australia	**100**	100
CHEP (China) Company Limited	China	**100**	100
CHEP Technology Pty Limited	Australia	**100**	100
CHEP India Pvt Limited	India	**100**	100
LeanLogistics Inc	USA	**100**	100
Unitpool AG	Switzerland	**100**	100
IFCO			
IFCO Systems NV	The Netherlands	**99.5**	99.5
Recall			
Recall Limited	UK	**100**	100
Recall France SA	France	**100**	100
Recall Corporation, Inc.	USA	**100**	100
Recall do Brasil Ltda	Brazil	**100**	100
Recall Information Management Pty Limited	Australia	**100**	100
Recall Deutschland GmbH	Germany	**100**	100
Brambles HQ			
Brambles Industries Limited	Australia	**100**	100
Brambles Holdings (UK) Limited	UK	**100**	100
Brambles International Finance BV	The Netherlands	**100**	100
Brambles USA Inc.	USA	**100**	100
Brambles North America Incorporated	USA	**100**	100
Brambles Finance plc	UK	**100**	100
Brambles Finance Limited	Australia	**100**	100

In addition to the list above, there are a number of other subsidiaries within Brambles which are mostly intermediary holding companies or are dormant.

Investments in subsidiaries are primarily by means of ordinary or common shares. All subsidiaries prepare accounts with a 30 June balance date.

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

F) DIRECTORS' INDEMNITIES

Under its constitution, to the extent permitted by law, Brambles Limited indemnifies each person who is, or has been a Director or Secretary of Brambles Limited against any liability which results from facts or circumstances relating to the person serving or having served in the capacity of Director, Secretary, other officer or employee of Brambles Limited or any of its subsidiaries, other than:

(a) in respect of a liability other than for legal costs:
- (i) a liability owed to Brambles Limited or a related body corporate;
- (ii) a liability for a pecuniary penalty order under section 1317G of the Act or a compensation order under section 1317H of the Act; or
- (iii) a liability that is owed to someone (other than Brambles Limited or a related body corporate) and did not arise out of conduct in good faith; and

(b) in respect of a liability for legal costs:
- (i) in defending or resisting proceedings in which the person is found to have a liability for which they could not have been indemnified under paragraph (a)(i) above;
- (ii) in defending or resisting criminal proceedings in which the person is found guilty;
- (iii) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the Court to be established; or
- (iv) in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

Paragraph (b)(iii) above does not apply to costs incurred in responding to actions brought by ASIC or a liquidator as part of an investigation before commencing proceedings for the Court order.

As allowed by its constitution, Brambles Limited has provided indemnities from time to time to Directors, Secretaries or other Statutory Officers of its subsidiaries (Beneficiaries) against all loss, cost and expenses (collectively Loss) caused by or arising from any act or omission by the relevant person in performance of that person's role as a Director, Secretary or Statutory Officer.

The indemnity given by the Company excludes the following matters:

(a) any Loss to the extent caused by or arising from an act or omission of the Beneficiary prior to the effective date of the indemnity;
(b) any Loss to the extent indemnity in respect of that Loss is prohibited under the Corporations Act (or any other law);
(c) any Loss to the extent it arises from private or personal acts or omissions of the Beneficiary;
(d) any Loss comprising the reimbursement of normal day-to-day expenses such as travelling expenses;
(e) any Loss to the extent the Beneficiary failed to act reasonably to mitigate the Loss;
(f) any Loss to the extent it is caused by or arises from acts or omissions of the Beneficiary after the date the indemnity is revoked by the Company in accordance with the terms of the indemnity;
(g) any Loss to the extent it is caused by or arises from any breach by the Beneficiary of the terms of the indemnity.

Insurance policies are in place to cover Directors, Secretaries and other Statutory Officers of Brambles Limited and its subsidiaries, however the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

NOTE 37. EVENTS AFTER BALANCE SHEET DATE

Other than those outlined in the Directors' Report or elsewhere in these financial statements, there have been no other events that have occurred subsequent to 30 June 2012 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

NOTE 38. PARENT ENTITY FINANCIAL INFORMATION

A) SUMMARISED FINANCIAL DATA OF BRAMBLES LIMITED

	Parent entity	
	2012 US$m	**2011 US$m**
Profit for the year	**522.7**	23.4
Other comprehensive income for the year	**(1,065.5)**	1,662.6
Total comprehensive (loss)/income	**(542.8)**	1,686.0
Current assets	**16.9**	11.1
Non-current assets	**8,413.6**	8,443.1
Total assets	**8,430.5**	8,454.2
Current liabilities	**19.7**	23.8
Non-current liabilities	**110.5**	112.4
Total liabilities	**130.2**	136.2
Net assets	**8,300.3**	8,318.0
Contributed equity	**6,484.1**	14,370.2
Share-based payment reserve	**49.1**	41.6
Foreign currency translation reserve	**1,658.6**	2,724.1
Retained earnings/(accumulated losses)	**108.5**	(8,817.9)
Total equity	**8,300.3**	8,318.0

B) GUARANTEES AND CONTINGENT LIABILITIES

Brambles Limited and certain of its subsidiaries are parties to a deed of cross-guarantee which supports global financing credit facilities available to certain subsidiaries. Total facilities available amount to US$2,192.8 million (2011: US$2,342.1 million) of which US$1,003.5 million (2011: US$914.6 million) has been drawn.

Brambles Limited and certain of its subsidiaries are parties to guarantees which support US Private Placement borrowings of US$364.0 million (2011: US$535.0 million) by a subsidiary.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which support notes of US$750.0 million (2011: US$750.0 million) issued by a subsidiary to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which support notes of €500.0 million (2011: €500.0 million) issued by a subsidiary in the European bond market.

Brambles Limited has guaranteed repayment of certain facilities and financial accommodations made available to certain subsidiaries. Total facilities and financial accommodations available amount to US$569.5 million (2011: US$474.8 million), of which US$138.8 million (2011: US$180.2 million) has been drawn.

Other than these guarantees, the parent entity did not have any contingent liabilities at 30 June 2012 or 30 June 2011.

C) CONTRACTUAL COMMITMENTS

Brambles Limited did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2012 or 30 June 2011.

DIRECTORS' DECLARATION

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 71 to 133 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 2012 and of its performance for the year ended on that date;

(b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

A statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board is included within Note 1 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

G J Kraehe AO
Chairman

T J Gorman
Chief Executive Officer

16 August 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRAMBLES LIMITED

pwc

Report on the financial report

We have audited the accompanying financial report of Brambles Limited (the Company), which comprises the balance sheet as at 30 June 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for Brambles. Brambles comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

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

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DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

Auditors' opinion

In our opinion:

(a) the financial report of Brambles Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Brambles' financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 46 to 62 of the Directors' Report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors' opinion

In our opinion, the remuneration report of Brambles Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditors' report relates to the financial report and remuneration report of Brambles for the year ended 30 June 2012 included on Brambles' web site. Brambles' Directors are responsible for the integrity of the Brambles' web site. We have not been engaged to report on the integrity of this web site. The auditors' report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

P Bendall — Sydney
Partner — 16 August 2012

M Dow — Sydney
Partner — 16 August 2012

AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the audit of Brambles Limited for the year ended 30 June 2012, 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.

P Bendall
Partner
PricewaterhouseCoopers

Sydney
16 August 2012

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FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2012 US$m	2011 US$m	2010 US$m	2009 US$m	2008 US$m
Continuing operations					
Sales revenue	**5,625.0**	4,672.2	4,146.8	4,018.6	4,358.6
Operating profit	**939.2**	809.2	724.5	718.2	1,030.6
Net finance costs	**(152.0)**	(127.5)	(109.6)	(120.9)	(149.5)
Profit before tax	**787.2**	681.7	614.9	597.3	881.1
Tax expense	**(212.3)**	(209.9)	(171.0)	(163.3)	(234.2)
Profit from continuing operations	**574.9**	471.8	443.9	434.0	646.9
Profit from discontinued operations	**1.4**	3.6	4.9	18.6	1.8
Profit for the year	**576.3**	475.4	448.8	452.6	648.7
Depreciation and amortisation					
Continuing operations	**552.2**	479.8	444.0	424.6	458.6
Discontinued operations	**-**	5.7	–	–	–
Capex on property, plant & equipment – continuing operations	**921.1**	821.9	498.8	672.4	849.2
Cash flow					
Cash flow from operations	**591.2**	725.1	882.3	722.4	810.0
Free cash flow	**179.5**	303.3	548.6	419.5	412.6
Dividends paid	**397.7**	224.0	204.5	277.6	444.8
Free cash flow after dividends	**(218.2)**	79.3	344.1	141.9	(32.2)
Balance sheet					
Capital employed	**5,430.3**	5,450.2	3,391.5	3,572.7	3,969.7
Net debt	**2,689.9**	2,998.8	1,759.3	2,143.4	2,426.2
Equity	**2,740.4**	2,451.4	1,632.2	1,429.3	1,543.5
Employees – continuing operations	**17,021**	17,134	12,714	12,785	12,305
Earnings per share (US cents)					
Basic	**38.9**	32.9	31.8	32.6	46.0
From continuing operations	**38.8**	32.6	31.5	31.3	45.9
On Underlying profit after finance costs and tax	**42.1**	36.2	31.9	38.5	45.4
Dividend declared per share (Australian cents)	**26.0**	26.0	25.0	30.0	34.5

GLOSSARY

2004 Share Plans	The Brambles Industries Limited 2004 Performance Share Plan and the Brambles Industries plc 2004 Performance Share Plan (as amended), incorporating Brambles Limited rollover amendments of 22 August 2006.
2006 Share Plan	The Brambles Limited 2006 Performance Share Plan (as amended).
AccountAbility Principles Standards	Recognised principle based standards established by AccountAbility, a not-for-profit organisation promoting sustainable business practices.
Acquired Shares	Brambles Limited shares purchased by Brambles employees under MyShare.
Actual currency/ actual FX	In the statutory financial statements, results are translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
AGM	Annual General Meeting.
ASX	Australian Securities Exchange.
Average capital invested	Average capital invested or ACI is a 12 month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for accumulated pre-tax Significant items, actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
Better Everyday program	A program in CHEP USA, aimed at improving repair standards, enhancing the ease of doing business for customers and strengthening sales.
BIFR	Brambles Injuries Frequency Rate. This safety performance indicator measures the combined number of fatalities, lost time injuries, modified duties and medical treatments per million hours worked.
BIL	Brambles Industries Limited, which was one of the two listed entities in the previous dual-listed companies structure.
BIP	Brambles Industries plc, which was one of the two listed entities in the previous dual-listed companies structure.
Board	The Board of Directors of Brambles Limited.
BVA	Brambles Value Added or BVA represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2011 exchange rates as: - Underlying profit; plus - Significant items that are part of the ordinary activities of the business; less - Average capital invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.
CAGR	Compound annual growth rate. The CAGR of sales revenue is the annualised percentage at which sales revenue would have grown over a period if it grew at a steady rate.
Cash flow from operations	Cash flow generated after net capital expenditure but excluding Significant items that are outside the ordinary course of business.
CGPR	The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Second Edition.
Company	Brambles Limited (ACN 118 896 021).
Constant currency	Constant currency results are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.
Continuing operations	Continuing operations refers to Pallets, RPCs, Containers, Recall and Brambles HQ.
Disclosable Executives	Brambles Limited's Executive Directors, Non-executive Directors and other Group executives whose remuneration details are required to be disclosed in the Remuneration Report.
Discontinued operations	Operations which have been divested or which are held for sale.
Dividend Share Program	A program which allows Employees to reinvest Dividends from their Employee holding to acquire further Shares in Brambles. The Share purchase price will be calculated using a volume weighted average of the Brambles Share price over the five trading days up to and including the Record Date.
DLC	Dual-listed companies structure – the previous contractual arrangement between Brambles Industries Limited and Brambles Industries plc under which they operated as if they were a single economic enterprise, whilst retaining their separate legal identities, tax residences and stock exchange listings. BIL and BIP operated as a DLC from August 2001 to December 2006.
EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA is defined as Operating profit from continuing operations after adding back depreciation and amortisation and Significant items outside the ordinary course of business.
ELT	Brambles' Executive Leadership Team, details of which are on pages 31 and 32.
EPS	Earnings per share.

Financial year	Brambles' financial year is 1 July - 30 June.
Free cash flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.
FX	Foreign exchange.
FY	Financial year. For example, FY12 indicates the financial year ended 30 June 2012.
Group or Brambles	Brambles Limited and all of its related bodies corporate.
IBC	Intermediate bulk container, for the transport and storage of bulk products.
IFRS	International Financial Reporting Standards. Brambles reports its financial results under Australian Accounting Standards, which are compliant with IFRS.
IPEP	Irrecoverable Pooling Equipment Provision.
ISO	International Organization for Standardization.
Key Management Personnel	Members of the Board of Brambles Limited and Brambles' Executive Leadership Team.
KPI(s)	Key Performance Indicator(s).
LTI	Long Term Incentive.
Matching Awards	Matching share rights over Brambles Limited shares allocated to employees when they purchase Acquired Shares under MyShare. When an employee's Matching Awards vest, Matching Shares are allocated to that employee.
Matching Shares	Shares allocated to employees who have held Acquired Shares under MyShare for two years, and who remain employed at the end of that two year period. One Matching Share is allocated for every one Acquired Share held.
MyShare	The Brambles Limited MyShare Plan, an all employee share plan, under which employees acquire ordinary shares by means of deductions from their after-tax pay and must hold those shares for a two year period. If they hold those shares and remain employed at the end of the two year period, then Brambles will match the number of shares they hold by issuing or transferring to them the same number of shares which they held for the qualifying period at no additional cost to the employee.
Net new business wins	The change in sales revenue in a reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis.
OHS&E	Occupational Health Safety & Environment.
Operating profit	Operating profit is profit before finance costs and tax, as shown in the statutory financial statements.
PAT	Profit after 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.
RCC	Risk & Control Committee.
ROCI	Return on capital invested or ROCI is calculated as Underlying profit divided by Average capital invested.
RPC	Reusable plastic container/crate, or returnable/reusable produce crate, generally used for shipment and display of produce items.
Significant items	Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: - outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or - part of the ordinary activities of the business but unusual due to their size and nature.
S&P	Standard & Poor's is an American financial services company that publishes financial research and analysis.
STI	Short Term Incentive.
TFR	Total Fixed Remuneration.
TSR	Total Shareholder Return. TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified performance period.
ULD	Unit-load device, pooled containers used in the aviation industry for transporting cargo and baggage on board airliners.
Underlying profit	Underlying profit is profit from continuing operations before finance costs, tax and Significant items.
Unification	The unification of the dual-listed companies structure which operated between Brambles Industries Limited and Brambles Industries plc under a new single Australian holding company, Brambles Limited, which took place in December 2006.

CONTACT INFORMATION

REGISTERED OFFICE

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SHARE REGISTRY

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

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

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	+61 (0) 2 8280 7143 (from outside Australia)
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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:	1300 737 760 (within Australia)
	+61 (0) 2 9290 9600 (from outside Australia)
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MOMENTUM