

# BRAMBLES INDUSTRIES LIMITED

A.C.N. 000 129 868

## 1995 ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 1995

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#### **NOTICE OF ANNUAL GENERAL MEETING**

The Annual Report of Brambles Industries Limited for the year ended 30 June 1995 will be presented to the 41st Annual General Meeting of Shareholders to be held in the Grand Ballroom, Wentworth Hotel, 61-101 Phillip Street, Sydney, New South Wales on Tuesday, 14 November 1995 at 3.30 pm. A formal notice, including particulars of the business to be discussed and a proxy form, is included in a separate leaflet.

#### **SHAREHOLDERS' INFORMATION MEETING**

A Shareholders' Information Meeting will be held in the Savoy Ballroom, The Grand Hyatt Melbourne Hotel, 123 Collins Street, Melbourne, Victoria on Wednesday, 15 November 1995 at 10.00 am.

## **BRAMBLES SERVICES**

**Brambles was founded in Newcastle near Sydney, Australia, in 1875 and became a publicly listed company in 1954. Today, Brambles Industries Limited is an international materials handling and equipment services group and one of Australia's largest publicly listed companies.**

**Brambles has A\$3.2 billion in operating assets and employs more than 17,000 people. The company's 24,200 shareholders include major institutional investors in Australia, the United States and Europe.**

**Brambles provides a wide range of services to industry including:**

- **Industrial equipment rental, ranging from rail wagons to forklifts and specialised access equipment.**
- **Pallet management and specialised container services.**
- **Industrial and contract mining services.**
- **Industrial and municipal waste collection, treatment and disposal.**
- **Specialised transport services, particularly dangerous goods and bulk raw materials.**
- **Records management and security transport.**
- **Marine services.**

## CHIEF EXECUTIVE'S REPORT

It is especially pleasing to be able to report a strong recovery in earnings for the year ended 30 June 1995. The 22% pre-tax operating profit increase has set the foundation for a period of sustained growth. The improved contribution to group profits by our overseas operations has been particularly satisfying.

This reflects the overall success the company has already achieved in establishing major new businesses in Europe and North America. In addition to continuing to pursue growth in these regions, the company is exploring opportunities in new areas in Australia as well as the potential for traditional Brambles-style businesses in Asia.

A major development during the year was the agreement reached with GKN plc covering the global expansion of CHEP. As part of the agreement, Brambles lifted its equity in CHEP's United Kingdom operation to 50 per cent.

While CHEP remains the major focus of Brambles' efforts in North America, strong growth is expected from our wholly-owned equipment rental and records management activities in the region.

In addition, we are confident that Chep Europe will achieve substantial growth in its pan-European pallet operations and other equipment pools such as autocrates. Elsewhere in Europe, we are continuing to target growth from equipment rental, contract-based heavy industrial services and records management.

In Australia, we are evaluating opportunities which might become available as a result of the Federal Government's decision to privatise airports. Brambles and Lend Lease Corporation Limited have established a joint venture company, Australian Airport Services Pty Limited, to undertake this evaluation.

Brambles has also established operations in Taiwan, Malaysia and Singapore to explore opportunities in the Asian region. This is a long term project and will focus initially on openings for pallets, waste management, contract industrial services and records management.

To minimise distractions from this growth program, we are disposing of a handful of non-core activities. So far, this tidying-up has included the sale of Grace Removals and the company's stake in Wallace Tugs in Australia, while in Europe we have now divested our crane activities.

The one disappointing aspect of this year's result has been the necessity to further write-down our investment in ENSCO. The hazardous waste industry in the United States has further deteriorated due to the continuing excess capacity and a regulatory stalemate which has favoured competition from cement kilns.

The reality is that it has become impossible to predict long term price and volume trends for the business. ENSCO's high fixed cost nature means that small changes in either price or volume can have a substantial impact on profitability.

Faced with all the uncertainties, Directors believed that the most prudent course of action was to effectively write our investment in ENSCO out of the books.

Hopefully, the write-down will remove ENSCO as a distraction for investors from the company's achievements in establishing significant off-shore pallet, industrial services, equipment rental and records management businesses.

Turning to the future, the group is in good shape to achieve solid growth over the balance of the decade. It is important to recognise that a great deal of Brambles' performance is underpinned by longer term contract work. Much of the company's current investment program is slanted towards growing businesses through these contracts.

The softening of the Australian economy evident since March has resulted in reduced activity levels which have continued into the first quarter of 1995/6. The strengthening of the Australian dollar since 30 June in addition to the uncertainty associated with the economic outlook makes it difficult to predict the result for the year ahead. However if current trading levels are sustained, a further improvement in earnings will result this year.

Finally, the underlying strength of our traditional businesses and the progress being made in new areas demonstrates the quality and dedication of our people. This remains one of Brambles' great strengths.

**JOHN FLETCHER**  
Chief Executive

YEAR IN BRIEF

	1995	1994	Change
<b>Performance (A\$ millions)*</b>			
Sales revenue	3,025.9	2,640.1	+14.6%
Operating profit before abnormal items and tax	295.3	242.0	+22.0%
<b>Return on:</b>			
Sales revenue	9.8%	9.2%	
Group assets	9.1%	8.5%	
Income tax expense	103.1	83.7	+23.1%
Outside equity interests	6.7	4.1	+61.8%
Operating profit after tax and outside equity interests	185.5	154.1	+20.4
Earnings per share before extraordinary items (basic)	84.8 cents	70.9 cents	+19.6%
Return on shareholders' funds	13.2%	11.4%	
<b>Resources (A\$ millions)</b>			
Total group assets	3,236.7	2,841.4	+13.9%
Cash	127.2	78.9	+61.1%
Shareholders' funds	1,406.3	1,354.4	+ 3.8%
Cash flow (from operating activities)	473.0	379.0	+24.8%
Net tangible asset backing per share	\$5.52	\$5.37	+ 2.7%
Equity ratio (total shareholders' equity to total group assets)	44.9%	49.5%	
Gearing ratio (non-current debt to total shareholders' equity plus non-current debt)	37.8%	32.7%	
<b>Return to shareholders</b>			
Dividend per share	65.0 cents	60.0 cents	
Distribution percentage	76.8%	84.8%	
Number of shareholders	23,909	22,759	

\* excludes abnormal items

- 1 **Net operating profit (pre-abnormals) up 20.4 per cent to A\$185.5 million.**
- 1 **Final dividend up three cents a share, taking annual payout to a fully franked 65 cents.**
- 1 **Net profit (after abnormals) totalled A\$97.7 million following ENSCO write-down.**
- 1 **Earnings per share (pre-abnormals) up 19.6 per cent to 84.8 cents.**
- 1 **Strong profit growth in Europe and the United States with record earnings from Australian operations.**
- 1 **Chep USA profitable on continuing strong market penetration.**
- 1 **1995-96 earnings expected to show further solid increase.**

**TEN YEAR COMPARISON**

**COVERING PERIOD: 1991 to 1995**

<b>A\$ millions unless otherwise stated</b>	<b>1995</b>	<b>1994</b>	<b>1993</b>	<b>1992</b>	<b>1991</b>
<b>Operating results</b> <i>(excluding extraordinary items)</i>					
Sales revenue	3,025.9	2,640.1	2,606.1	2,435.8	2,288.6
Depreciation and amortisation	342.5	305.3	288.5	263.4	227.2
Dividends from associated companies	37.6	29.0	32.1	35.0	29.8
Earnings before interest and tax	350.0	275.5	288.6	289.2	276.5
Net interest expense/income	(54.7)	(33.6)	(29.4)	(2.1)	32.7
Income tax expense	103.1	83.7	86.8	101.3	105.2
Outside equity interests	6.7	4.1	6.3	5.6	7.5
Operating profit after tax	185.5	154.1	166.1	180.2	196.5
Abnormal profit/(loss) after tax	(87.8)	(387.3)	-	-	(4.4)
Net profit/(loss) before extraordinary items	97.7	(233.2)	166.1	180.2	192.1
<b>Distribution of earnings</b>					
Dividends declared	142.5	130.7	129.0	123.1	110.7
Payout ratio (pre-abnormal items)	76.8	84.8	77.7	68.3	56.3
<b>Per share in cents</b> <i>(adjusted for bonus issue in 1987)</i>					
Net profit/(loss)	44.7	(107.4)	78.6	88.8	96.3
Dividends declared	65.0	60.0	60.0	60.0	55.0
Net tangible asset backing	551.9	537.2	538.7	520.6	619.2
<b>Financial position</b>					
Total assets	3,236.7	2,841.4	3,289.0	3,156.9	2,554.8
Total liabilities	1,782.5	1,435.0	1,509.1	1,511.8	1,114.6
Net assets	1,454.2	1,406.4	1,779.9	1,645.1	1,440.2
Shareholders' funds	1,406.3	1,354.4	1,707.9	1,563.2	1,389.2
Outside equity interests	47.9	52.0	72.0	81.9	51.0
Total shareholders' equity	1,454.2	1,406.4	1,779.9	1,645.1	1,440.2
<b>Ratios&gt;Returns</b>					
Current ratio	1.09	1.06	1.62	1.22	1.49
Equity ratio	44.9	49.5	54.1	52.1	56.4
Net profit to shareholders' funds	6.9	-	9.7	11.5	13.8
<b>Shares and shareholders</b>					
Shares issued ('000)	219,267	217,918	216,748	206,845	200,742
Number of holders	23,909	22,759	19,696	17,443	17,202

**TEN YEAR COMPARISON**

**COVERING PERIOD: 1986 to 1990**

<b>A\$ millions unless otherwise stated</b>	<b>1990</b>	<b>1989</b>	<b>1988</b>	<b>1987</b>	<b>1986</b>
<b>Operating results</b> <i>(excluding extraordinary items)</i>					
Sales revenue	2,058.3	1,563.4	1,358.9	1,239.8	1,061.4
Depreciation and amortisation	188.0	144.5	117.2	94.8	83.0
Dividends from associated companies	69.2	31.6	23.3	13.7	8.4
Earnings before interest and tax	279.6	252.2	217.9	171.5	134.0
Net interest expense/income	55.5	15.1	(6.5)	(5.6)	(19.4)
Income tax expense	117.0	85.8	79.9	67.4	45.6
Outside equity interests	5.5	4.2	5.4	3.9	4.5
Operating profit after tax	212.6	177.3	126.1	94.6	64.5
Abnormal profit/(loss) after tax	9.3	-	-	-	-
Net profit/(loss) before extraordinary items	221.9	177.3	126.1	94.6	64.5
<b>Distribution of earnings</b>					
Dividends declared	102.5	76.3	51.5	38.7	25.1
Payout ratio (pre-abnormal items)	48.2	43.0	40.8	40.9	38.9
<b>Per share in cents</b> <i>(adjusted for bonus issue in 1987)</i>					
Net profit/(loss)	114.5	104.5	79.3	65.6	51.7
Dividends declared	52.0	42.0	32.0	26.0	19.5
Net tangible asset backing	581.0	464.1	424.7	383.0	319.3
<b>Financial position</b>					
Total assets	2,448.1	1,868.8	1,589.4	1,386.4	993.8
Total liabilities	1,132.6	962.1	854.1	742.5	549.6
Net assets	1,315.5	906.7	735.3	643.9	444.2
Shareholders' funds	1,270.4	859.4	689.5	596.7	410.7
Outside equity interests	45.1	47.3	45.8	47.2	33.5
Total shareholders' equity	1,315.5	906.7	735.3	643.9	444.2
<b>Ratios&gt;Returns</b>					
Current ratio	1.61	1.31	1.52	1.14	0.76
Equity ratio	53.7	48.5	46.3	46.4	44.7
Net profit to shareholders' funds	17.5	20.6	18.3	15.9	15.7
<b>Shares and shareholders</b>					
Shares issued ('000)	197,834	175,363	161,239	155,820	116,930
Number of holders	16,142	14,539	14,910	14,322	12,916

## YEAR IN REVIEW

Brambles Industries Limited earned a net operating profit, after tax and pre abnormals, of A\$185.5 million for the year to 30 June 1995 compared with A\$154.1 million for the previous year. This represented an increase in profitability of 20.4 per cent at the operating level.

Profit after accounting for a post-tax abnormal loss of A\$87.8 million -- mainly a write-off of the assets of Environmental Systems Company (ENSCO) -- was A\$97.7 million, compared with a loss after abnormals of A\$233.2 million in the previous period.

Directors have increased final dividend by 3 cents to 33 cents a share which lifts the annual payout to a fully franked 65 cents a share, compared with 60 cents a share for 1993/94. The final fully franked dividend will be paid on 17 November 1995 to shareholders who were registered by 19 October 1995. The company's Dividend Reinvestment Plan and Share Election Plan will not apply to this dividend.

The latest operating result is after deducting tax of A\$103.1 million (A\$83.7 million in 1993/94) and providing A\$342.5 million for depreciation and amortisation (A\$305.3 million in 1993/94). Earnings per share (diluted basis) before abnormals increased from 70 cents to 84.4 cents.

Capital expenditure remained steady at A\$594.5 million. This total included a reduction in the base level of capital expenditure which was offset by the cost of the acquisition of an additional 20 per cent in GKN Chep Ltd (now Chep UK Ltd) in December 1994.

The profit increase achieved for the year in review arose from a further strong performance in Australia and continuing improvements in Europe and North America. The growth recently achieved by the Chep USA joint venture has been particularly pleasing. The establishment of CHEP in North America is potentially the biggest investment in Brambles' international expansion program.

With more than 12 million pallets in circulation, the physical growth in the North American pool has matched that initially achieved in the highly successful establishment of CHEP in the United Kingdom. In addition, the progress of the company's wholly-owned equipment rental and records management businesses in North America has been better than expected.

The continuing strong performance in Australia was again a significant factor in the operating profit increase. Australian earnings grew by 16.3 per cent pre-interest and tax. The improvement in Europe was also a key factor in the profit growth. Rail business results followed the economic trend in the region, CHEP hirings continued to increase and the industrial service operations traded strongly. The overall improvement in European profits was 30.6 per cent.

The company has effectively written off its investment in ENSCO in reaction to no sign of improvement in the outlook for the United States hazardous waste incineration industry. The value of ENSCO's assets has been written down by a further A\$103.3 million (after tax), which -- after accounting for profits on asset sales in Australia -- resulted in the net abnormal loss of A\$87.8 million. In 1993/94, the company wrote off A\$347.9 million (after tax) of its investment in ENSCO.

Despite ENSCO making a small operating profit for the year, predicting longer term price and volume trends in the industry was particularly difficult in the face of continuing excess capacity and regulations which continue to favour competition from cement kilns.

ENSCO is a high fixed cost business with profitability very sensitive to moderate changes in prices and volumes. At this stage, it is the directors' belief that it is simply not possible to estimate with any level of confidence the value of the company's investment in ENSCO over time. Faced with all the uncertainties, directors concluded that the most prudent course of action was to write off the remaining assets except for working capital.

#### Regional review

Brambles operates a range of equipment-based services, waste treatment and disposal, and specialised transport activities in Australia and Europe. The company is also establishing major equipment rental, and waste treatment and disposal operations in North America. In addition to these 'traditional' Brambles activities, the company is also developing records management businesses in the three regions as an additional dimension to its long term growth plans. In Australia, the company operates specialised transport and marine businesses. Brambles Australia is also exploring business opportunities in Asia, targeting prospects in contract industrial services, pallet hire, waste management and records management.

In Europe, the company provides long term contract equipment-based industrial services to the steel and other industries. These are similar in nature to the company's traditional activities in Australia, where industrial services divisions have had a long standing relationship with the Australian steel industry, as well as providing contract mining services, heavy haulage and other services to industry. In the Netherlands, Brambles is a major contractor to the Hoogevens steel works at Ijmuiden, as well as providing heavy haulage services in the region, with the North Sea oil and gas industry a major customer.

In addition to the equipment-based industrial services, Brambles specialises in a wide range of rental equipment, including pallets internationally, rail wagons in Europe, tank containers in Europe, North America and Asia, and a range of manned and unmanned equipment in Australia, Europe and the United States. The CHEP pallet operation outside Australia is a joint venture between Brambles and United Kingdom company, GKN plc, and, as noted earlier, is also a major focus for Brambles' long term growth. There are now around 56 million pallets in CHEP's pallet pools internationally. Groupe CAIB is the major private rail wagon rental operator in Europe. Eurotainer operates specialised tank containers on the Europe - United States and Europe - Asia shipping routes as well as within Europe. Brambles operates rental forklift businesses in Australia and Europe, and access equipment in Australia and the United States.

Brambles specialised transport-based businesses provide a range of specialised services in Australia and Europe, including dangerous goods handling and storage, waste collection and bulk raw material movement. United Transport is Australia's leading handler of dangerous goods. Cleanaway is a major operator in waste collection in Australia and the United Kingdom.

Brambles provides waste treatment and disposal facilities, including recycling facilities, landfill sites, treatment plants and hazardous waste disposal in Australia, Europe and the United States. In Australia, Cleanaway operates major landfills in Sydney and Melbourne as well as waste treatment plants in Queensland, New South Wales, Victoria and Western Australia. The division also operates recycling facilities for municipal collections in Brisbane, Sydney, Melbourne and Perth. Brambles Waste Services in the United States has established a major landfill in Sussex County, Virginia, as well as operating the ENSCO high temperature incinerator in El Dorado, Arkansas. Cleanaway Ltd (a United Kingdom based joint venture between Brambles and GKN plc) also operates a high temperature incinerator at Ellesmere Port in Cheshire as well as providing a range of other treatment and disposal services.

As well as records management, Brambles' other activities include a range of marine and industrial maintenance services in Australia.

#### Australia

Brambles Australia operates a range of equipment services, waste management, specialised transport, marine and records management businesses. Many of these businesses are based on longer term contract work with major firms and governments, including local municipalities. The stability provided by this contract work meant that, despite the slowdown in the Australian economy in the second half, Brambles' operations in the region were able to achieve a further record result.

Brambles Industrial Services and Wreckair, in particular, achieved substantially higher profits during the period under review. Brambles Industrial Services saw significant profit growth from its continued investment in long-term outsourcing contracts. During the year, the division exchanged its Melbourne cranes operation for a crane business in Victoria's Latrobe Valley based on contracts with heavy industry in the region.

Wreckair's Queensland and Victorian operations traded particularly strongly during the year. In addition, the division benefited from the integration of the GKN Light Access acquisition and increased demand by industry for rental equipment for maintenance work. The GKN Light Access business has now been merged with Wreckair Hire under the name Wreckair Access. Wreckair provides specialist access equipment rental for industrial maintenance and installation work.

Gardner Perrott achieved a substantial improvement in operating earnings, particularly in Victoria and Western Australia. Gardner Perrott specialises in industrial cleaning, protective coatings, industrial plant maintenance and refractory installation.

Western Australian division, Brambles Manford, also achieved strong growth in industrial services and equipment rental. Brambles Manford, in particular, strengthened its position in contract mining.

CHEP's pallet hirings followed the economic trend, with strong demand in the first half partially offset by a slowdown in the second half. Specialised container pools achieved good growth, particularly plastic crates where the division is currently working with several industries to expand this service. In particular, the motor vehicle industry's increasing concern with reducing inventories is providing CHEP with significant openings for new containers.

Brambles Forklift Division experienced a mixed year, with below budget results in the southern states being offset by strong performances in New South Wales and Queensland. During the year, the division acquired P & O Australia Limited's Australian forklift rental business for A\$25.8 million. The division now has more than 4,100 forklifts in its national rental fleet.

Cleanaway's growth in the municipal sector continued, particularly in contracts containing significant recycling programs. While the division's overall profitability was satisfactory, industrial collection activity suffered from an increase in the level of competition in New South Wales and Victoria. However, earnings remained strong in Queensland, South Australia and Western Australia. The division's overall earnings were also adversely impacted by the costs of establishing facilities to service additional recycling contracts.

Brambles Marine Group experienced mixed trading, with a further strong performance by the shipping division. Harbour towage earnings were down as a result of the entry of a competitor in the Port of Newcastle. Brambles Marine provides shipping, towage and offshore supply boat services in the region. Brambles Shipping, which operates two roll-on, roll-off vessels across Bass Strait (between Melbourne and Burnie), continued to experience strong support from major industries in Tasmania. The division was recently awarded the contract to ship newsprint from Australian Newsprint Mills in southern Tasmania. These tonnages were previously shipped through the Port of Hobart. In addition to Newcastle, the company operates tugs in Sydney and Port Botany in New South Wales, Portland in Victoria and most major Tasmanian ports. During the year, the company sold its half-share in the Port Kembla towage joint venture to its partner, The Adelaide Steamship Company Limited. The Tidewater offshore supply boat joint venture traded strongly during the period.

Brambles Records Management also achieved pleasing profit growth, reflecting increasing acceptance by business of off-site security storage of sensitive documents and computer media. Brambles Records Management operates from 23 locations across Australia and New Zealand, with around five million boxes of documents in store. It also provides security destruction of unwanted documents. Important developments during the year included the establishment of additional services in the areas of imaging, open file management and recycling. The division achieved significant penetration of the government sector during the period in addition to its growing customer base in the banking sector. Intershred, in particular, performed well in the document destruction market.

Brambles' transport divisions traded satisfactorily overall, particularly specialised contract-based activities. United Transport turned in another strong performance in dangerous goods transport and storage. During the period, Brambles sold its Grace Removals business to Hong Kong-based international removals company, Crown Worldwide, and disposed of its general transport activities in northern Queensland.

Brambles Security's performance was adversely affected by industrial unrest arising from the enterprise bargaining process. Despite this, the division achieved an overall increase on the previous period and successfully expanded its operations in the automatic cash dispensing area. Brambles Linen Service's earnings were affected by a fire at the Cairns laundry and poor returns from major healthcare contracts.

Brambles Australia continued to explore opportunities in the Asian region during the year. The company has now established operating bases in Taiwan, Malaysia and Singapore. Activities initially being targeted are pallets, waste management, industrial services and records management. The move into Asia is intended to be a longer-term strategy designed to position the company to take advantage of opportunities expected to emerge over the next 5 to 10 years.

During the year, Brambles Industries Limited and Lend Lease Corporation Limited established Australian Airport Services Pty Limited to evaluate opportunities arising from the Australian Government's airport privatisation program. A decision on whether Australian Airport Services will proceed with a tender will depend on the terms upon which the airports are ultimately offered for sale by the Government.

## Europe

Brambles Europe operates a range of equipment-based businesses, including rail wagons, forklifts, tank containers, heavy haulage and contract equipment-based services. As noted above, Brambles and GKN plc operate the CHEP pallet management system and Cleanaway as 50/50 joint ventures in the region.

Most of Brambles' European activities benefited from the gradual economic improvement in the region over the past year. Heavy contracting and industrial services turned in outstanding performances, confirming the company's confidence in pursuing growth in Europe from this type of business.

The Heavy Contracting Division achieved record earnings for the year. Econofreight benefited, in particular, from the Troll North Sea project, the largest ever tackled by the business. NILO continued to receive the full support of its major customer, Netherlands steel producer Hoogovens, and this acquisition performed to pre-acquisition expectations. Following the success of the NILO equipment based industrial services acquisition and its rapid and successful integration into the Brambles group, Brambles is actively pursuing further opportunities in contract-based industrial services in the region. The company has now disposed of all of its European crane operations.

Overall returns from the Group CAIB rail wagon rental group improved in line with the general economic recovery in the region. Group CAIB is a major supplier of specialised rolling stock to European industry. Except for the United Kingdom and Belgium, all areas have shown improving trends in the second half. Grain transport traded at unsatisfactory levels due to significantly reduced available tonnages while car transport ended the year on a particularly strong note. Rail wagon workshop operations traded satisfactorily overall.

Demand for the tank container rental services of Eurotainer increased strongly during the period, resulting in a pleasing improvement in operating profit. Utilisation improved sharply, with growth predominantly in the North American and Asia-Pacific trades.

The Forklift Rental Division experienced subdued demand from a still sluggish industrial sector. The division continued to look for acquisitions during the period and experienced increasing rental interest in the Czech Republic where it already has contracts with a major manufacturer.

The United Kingdom based Records Management division consolidated its activities in more modern facilities during the period. This impacted adversely on the division's earnings for the year. However, the division is now well placed to expand in the contract high security storage and rapid retrieval end of the records management market.

European pallet hirings grew strongly overall, reflecting the success of the CHEP concept combined with the improved economic environment in the region. The joint venture saw the start of the Euro-pallet service in Germany during the period, a further important step towards a pan-European pool. Chep Europe has also had considerable success in developing its specialised container service for the region's automotive industry. In addition to its previously announced contract with General Motors, CHEP is now servicing the needs of suppliers into Ford's manufacturing network. Discussions are also under way with other vehicle manufacturers.

During the year, the joint venture partners reached agreement on the framework for the expansion of CHEP to all new territories. The agreement provided, in part, for the shareholdings of all the CHEP companies in Europe to be held on a 50:50 basis between Brambles and GKN. As a result, Brambles paid GKN A\$51.4 million for a further 20 per cent in Chep UK Ltd which lifted Bramble's holding in that company to 50 per cent. In addition, Brambles agreed to an additional payment of up to A\$6.2 million, depending on the profitability of Chep UK for the two years to 31 December 1996.

Cleanaway turned in a reasonable performance despite some loss of hazardous waste volumes from its Ellesmere Port incinerator to cement kilns. The joint venture achieved significant growth in municipal and industrial collection, although this was partly offset by the lower incineration volumes and a weaker liquid waste market. The merchant incineration industry in the United Kingdom is unlikely to undergo the turmoil experienced in the United States, but in time volumes disposed of via cement kilns will increase. Brambles' investment in high temperature incineration in the United Kingdom is less than A\$16 million.

#### North America

The Chep USA joint venture with GKN plc continues to be a major focus for Brambles in North America. CHEP made further strong gains in the North American food and grocery industry during the year and moved through the break-even point to achieve a small profit for the period. Chep USA's growth rate is now comparable to that initially achieved by the United Kingdom pool.

CHEP pallets are now shipped from more than 2200 manufacturing locations to over 2800 distributor locations. These locations handle around 85 per cent of the dry groceries marketed in the United States. The joint venture's growth in the region has been underpinned by the NAFTA agreement which has opened the markets between the United States, Canada and Mexico, leading to significant cross-border pallet movements.

Further strong performances by Brambles' wholly-owned equipment rental, records management and specialised security transport divisions were again overshadowed by the continuing problems in the hazardous waste merchant incineration industry.

All Brambles Equipment Services' operating regions achieved substantial gains on 1993/94 earnings on the back of major contract work. The division operates in the Great Lakes region, mid-South and the Gulf Coast of the United States, providing specialised access equipment and general plant hire.

Brambles Records Management achieved further significant organic growth through new contracts and acquisitions. Acquisitions completed during the year – Data Safe Storage in St. Louis and Data Safe Services in Los Angeles – both made important contributions to the divisional result. Brambles Records Management operates in six states of the United States and in Toronto, Canada.

The Waste Group's results continued to be overshadowed by ENSCO's difficulties. The Atlantic Waste landfill in Sussex County, Virginia, achieved pleasing volume growth during its first full year of operation. Land adjacent to the existing landfill has been acquired and appropriately permitted, which will result in the site life being extended to around 50 years. Earnings from ENSCO's El Dorado, Arkansas, high temperature incinerator fell slightly from the modest levels achieved at the half-year as the result of continuing turmoil in the hazardous waste market.

#### Corporate Finance

Despite ongoing capital expenditure needs and the write down of the ENSCO assets, Brambles has maintained its strong financial position in 1995 and retains good support from its lenders.

## Cash flow

The total net operating cash inflow for 1995 was A\$473.0 million compared with A\$379.0 million for 1994. The increase of A\$94.0 million (24.8%) was sourced primarily out of Australia and Europe both of which traded well up on last year and also decreased their working capital requirement.

Capital expenditure in 1995, including acquisitions, at A\$594.5 million maintained much the same investment level as the prior year (A\$595.6 million). Major components of the year's spend were A\$402.8 million on replacement and additional property, plant and equipment, A\$103.2 million on new acquisitions, and A\$51.4 million for the acquisition of the further 20% of Chep UK noted previously. Overall, net investing cash flows, after allowing for proceeds from sales of equipment and businesses, was A\$518.3 million, down 5.2% on the 1994 total of A\$546.5 million.

Net borrowings undertaken during the year were A\$197.6 million compared with a net repayment in 1994 of A\$38.2 million. Cash on hand increased from A\$72.4 million last year to A\$122.9 million for 1995.

Issued capital increased by A\$16.6 million in 1995, being the exercise of employee options plus A\$2.5 million from the share top up offer in February/March 1995. Dividends paid in cash to Brambles shareholders totalled A\$135.7 million for 1995 which was A\$5.3 million more than 1994.

## Financial instruments / hedging

Brambles does not speculate in financial instruments and uses standard derivative products only for the purpose of management of interest and foreign exchange exposures incurred in the normal course of business. The accounts include further information in this area, specifically Note 34.

All hedges (forward foreign currency contracts) were undertaken against specific balance sheet or profit and loss exposures.

The net assets in the United States continue to be hedged against Australian dollars whereas European net assets were not hedged during the period.

In total, a small net profit on exchange items of A\$0.4 million was booked for 1995 compared with a profit of A\$1.9 million in 1994.

## Borrowings

The additional borrowings for the year were mainly denominated in foreign currencies through businesses which have assets and income denominated in the same currency. The natural hedges thus created reduce the sensitivity of the balance sheet and profit and loss account to foreign currency fluctuations.

The maturity profile and interest mix of the total borrowings are set out hereunder.

Maturity (A\$ Million)	Fixed Rates	Variable Rates
Within 1 year	1.1	108.0
Between 1 and 2 years	62.6	83.2
Between 2 and 5 years	464.3	244.6
After 5 years	<u>30.0</u>	<u>-</u>
	<u>558.0</u>	<u>435.8</u>

The borrowings are generally only supported by negative pledges and letters of comfort and are mainly from banks with which Brambles has had long standing relationships. The letters of comfort are gradually being changed to guarantees by Brambles Industries Limited, at considerable cost savings.

## Gearing

The gearing ratio (non-current debt to total shareholders equity plus non-current debt) remained satisfactory, despite an increase from 32.7% to 37.8% in 1995 as a result of the increased borrowings and the equity reduction effects of the ENSCO asset write down of A\$103.3 million. Interest coverage at 5.7 times continued to be very comfortable.

## Donations

As a result of the 1993-94 write-offs, the board decided to reduce the amount given to charities and continue the suspension of political donations.

During the year, the company committed A\$100,000 to 8 charities under its charitable donations policy. The policy restricts contributions to specific projects aimed at disadvantaged children, and children's medical research. Directors do not nominate projects.

Any resumption of political donations will be on the basis of the company's long-standing practice of making them on an even-handed basis to the major political groupings elected to the House of Representatives in Australia, with full disclosure to shareholders in the Annual Report.

## BOARD OF DIRECTORS

**Alan Coates, A.O., DSc(Hon), FAII, FAIM**  
(Age 71)  
Chairman  
(Non-Executive Director)

Mr Alan Coates joined the Board in August 1986 after retiring from his position as Managing Director of the Australian Mutual Provident Society. Mr Coates was elected Chairman in May 1988, a position he held until March 1993. In August 1994 he was reappointed Chairman of the Board. He is also Chairman of CSR Limited, Deputy Chairman of The Australian Gas Light Company and a Director of Queensland Investment Corporation and Cambooya Investments Limited.

**Gary Pemberton, BSc**  
(Age 55)  
Deputy Chairman  
(Non-Executive Director)

Mr Gary Pemberton was appointed Chief Executive in March 1983 and a Director in March 1984. Mr Pemberton was appointed Chairman on his retirement as Chief Executive in March 1993. He stood down as Chairman in August 1994 following his appointment as President of the Sydney Organising Committee for the Olympic Games. Mr Pemberton is also Chairman of Qantas Airways Limited, a Director of the Prince of Wales Children's Hospital Foundation Limited and the Medical Foundation (University of Sydney), and a member of the International Advisory Board, Nijenrode University.

**John Fletcher, FCPA**  
(Age 44)  
Chief Executive  
(Executive Director)

Mr John Fletcher was appointed a Director of the Board in June 1992. He joined the Company in 1974 and has held senior executive positions in Cleanaway, transport, CHEP and European business activities and in February 1988 was made responsible for the Company's Australian operations. Mr Fletcher was appointed Chief Executive in March 1993.

**Bill Bennett, BEng, MSc**  
(Age 58)  
(Non-Executive Director)

Mr Bill Bennett joined the Board of Brambles in August 1990 and is a member of the Audit Committee. Mr Bennett has had extensive experience in general operational management of CSR Limited before his appointment to the Board of that company in 1986. He held the position of Deputy Managing Director of CSR Limited from December 1989 to April 1993. He is a Director of Plutonic Resources Limited, Eastern Aluminium Limited and Oceanic Coal Australia Limited. He is also a Director of Barnado's Australia and a member of The Dean's Advisory Committee of the Faculty of Economics (University of Sydney).

**Michael Brown, BEc, MBA, FCPA**  
(Age 49)  
Finance Director  
(Executive Director)

Mr Michael Brown joined the Company in June 1995 and was appointed to the Board in September 1995. He was Finance Director of Goodman Fielder Limited (1994-1995) and Executive Director-Finance of Renison Goldfields Consolidated Limited. He has held senior executive positions with Exxon Corporation in the USA, Malaysia, Japan and Australia, including Director of Esso Australia Limited. Mr Brown is also a Director of James Hardie Industries Limited.

**Mark Burrows, BA, LLB, ASIA**  
(Age 51)  
(Non-Executive Director)

Mr Mark Burrows joined the Board of Brambles in April 1987 and is a member of the Audit Committee. He is a merchant banker and financial adviser, being the Executive Chairman of Baring Brothers Burrows & Co. Limited. He is also Chairman of the Sydney Theatre Company Limited, Australian Multimedia Enterprise and Deputy Chairman of Film Australia Pty Limited. Amongst other companies he is a Director of NRMA Insurance Limited, Burns, Philp & Company Limited and the Benevolent Society of New South Wales. He is the President of the Museum of Contemporary Art Foundation.

**Neelie Kroes**  
(Age 54)  
(Non-Executive Director)

Ms Neelie Kroes joined the Board in November 1990. She is a former Minister for Transport and Public Works in the Netherlands Government and Special Adviser to the European Transport Commissioner. Ms Kroes is President of Nijenrode University and National Investment Bank Ltd (The Netherlands) and is a member of the Board of a number of companies including Ballast Nedam, Euroboard Johnson Wax Inc., and Royal Nedlloyd Group plc. Ms Kroes is a Grand Officer of the Order of the Legion of Honour in France, holder of the Grand Cross of the Order of the German Federal Republic and a Knight of the Order of the Netherlands Lion.

**Allan McDonald, BEc, FCPA, FCIS, FAIM**  
(Age 55)  
(Non-Executive Director)

Mr Allan McDonald joined the Board in March 1981 and is Chairman of the Audit Committee. He has had an extensive career in the investment and commercial banking fields since 1960 and occupied a number of positions, including Chairman and Managing Director of Development Finance Corporation Limited and from 1986-1989, Director International and Investment Services of Australia & New Zealand Banking Group Limited. He is also a Director of a number of companies including Pilkington Australasia Limited, Garratt's Limited, General Reinsurance Australasia Limited, Clyde Industries Limited and Delfin Property Group Limited.

**Ron Milne, CPA, FCIS  
(Age 56)  
(Non-Executive Director)**

**Mr Ron Milne was appointed a member of the Board in June 1985. He commenced his service with the Company in April 1981 as General Manager, responsible for Finance and Development. He retired as Finance Director in August 1995. Mr Milne's management career extends through the manufacturing, oil exploration and merchant banking industries. Mr Milne is also a Director of Ampolex Limited.**

**Andrew Turnbull, CEng, BSc, FIE(Aust), MIEE(Lon)  
(Age 64)  
(Non-Executive Director)**

**Mr Andrew Turnbull joined the Board in August 1994. He was Managing Director and Chief Executive of Burns, Philp & Company Limited from 1984 to 1994. Mr Turnbull is Chairman of GEC Alstom Australia Limited and Burns, Philp & Company Limited and a Director of a number of companies including National Australia Bank Limited, M.I.M. Holdings Limited, John Fairfax Holdings Limited and Metal Manufactures Limited.**

## BRAMBLES INDUSTRIES LIMITED

### SENIOR EXECUTIVES

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**JOHN FLETCHER**  
*Chief Executive*  
Brambles Industries Limited

**MICHAEL BROWN**  
*Financial Director*  
Brambles Industries Limited

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**TREVOR BOURNE**  
*Managing Director*  
Brambles Australia Limited

**DAVID FERGUSON**  
*President*  
Brambles USA, Inc.

**JEAN-LOUIS LAURENT**  
*Managing Director*  
N.V. Brambles Europe S.A.

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**BRAMBLES INDUSTRIES LIMITED**  
ACN 000 129 868  
  
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Belgium  
Telephone: (32) 2 663 7500  
Fax: (32) 2 663 7550

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**SHARE REGISTRIES**  
*Principal Registrar*  
Deloitte Share Registry Services  
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225 George Street  
Sydney NSW 2000  
Australia  
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Toll Free for STD Callers:  
1800 060 546  
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United Kingdom  
C/- Independent Registrars Group  
Balfour House  
390-398 High Road  
Ilford, Essex IG1 1NQ  
England, UK  
Telephone: (44) 181 478 8241  
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**BRAMBLES INDUSTRIES LIMITED**

**A.C.N. 000 129 868**

**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 1995**

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**Brambles Industries Limited**

**DIRECTORS' REPORT - STATUTORY INFORMATION**

The directors present their report together with the audited accounts of Brambles Industries Limited (the chief entity) and audited consolidated accounts of the economic entity consisting of the chief entity and all of its controlled entities for the year ended 30 June 1995.

References to "1995" and "1994" are to the financial years ended 30 June 1995 and 30 June 1994 respectively.

**NAMES OF DIRECTORS:**

The names of the directors of Brambles Industries Limited in office at the date of this report are -

A. W. Coates, A.O. (Chairman)  
G. M. Pemberton (Deputy Chairman)  
W. A. Bennett  
M. R. Brown (Finance Director)\*  
M. D. I. Burrows  
J. E. Fletcher (Chief Executive)\*  
N. Kroes  
F. A. McDonald  
R. C. Milne  
A. Turnbull

(\* Full-time executives)

Mr A. Turnbull and Mr M.R. Brown were appointed to the Board on 2 August 1994 and 25 September 1995 respectively and Mr R.C. Milne retired as a full time executive on 31 August 1995. Apart from the foregoing, there have been no other changes to the directors of the chief entity since 30 June 1994 and a detailed profile of directors setting out their qualifications, experience and special responsibilities appears on pages 17 to 19.

**DIRECTORS' SHAREHOLDINGS:**

The following information is extracted from Brambles Industries Limited's Register of Directors' Shareholdings

Brambles Industries Limited	Brambles Industries Limited	
	Ordinary shares of 50 cents	Options
Beneficially Held		
A. W. Coates	63,400	87,000
G. M. Pemberton	48,306	84,080
W. A. Bennett	9,000	72,000
M. R. Brown	1,300	150,000
M. D. I. Burrows	43,427	40,000
J. E. Fletcher	37,000	150,000
N. Kroes	-	40,000
F. A. McDonald	32,298	46,400
R. C. Milne	15,882	118,096
A. Turnbull	1,917	-

**DIRECTORS' MEETINGS:**

The board of directors has an audit committee, a share allotment committee and, at times, a special committee.

The audit committee comprises Messrs F.A. McDonald and W.A. Bennett. All other directors attend in an ex officio capacity.

**Brambles Industries Limited**

**DIRECTORS' REPORT continued:**

The share allotment committee allots shares for the dividend reinvestment plans and on the exercise of options under the employee option plans and is made up by any two directors available at the time.

The special committee comprises a variable member sub committee of the board established to deal only with specific matters as delegated by the board.

The table below sets out the board and committee meetings during the financial year and the number attended by each director where applicable.

	Board of Directors		Audit Committee		Share Allotment Committee		Special Committee	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
A. W. Coates	12	11		3	6	6	1	1
G. M. Pemberton	12	9		2				
W. A. Bennett	12	12	3	3	2	2		
M. D. I. Burrows	12	12		2	1	1		
J. E. Fletcher	12	12		3	3	3	2	2
N. Kroes (3)	12	6		1				
F. A. McDonald	12	12	3	3	4	4		
R. C. Milne	12	12		3	5	5	2	2
A. Turnbull	11	10		3				

- (1) This column refers to the number of meetings held while a director.
- (2) This column refers to the number of meetings attended by the director.
- (3) N. Kroes is a resident of The Netherlands.

**DIRECTORS' INTEREST IN CONTRACTS:**

Since the date of the last report, particulars of any interest of the directors in a contract or proposed contract with the chief entity being an interest whose nature the director has declared in accordance with subsection 231(1) of the Corporations Law are set out in Note 32.

**DIRECTORS' RIGHTS TO RECEIVE BENEFITS:**

Messrs J.E. Fletcher and M.R. Brown, being executive directors in the full-time employment of the chief entity, are entitled to receive retirement benefits upon retirement in terms of their employment contracts. In addition, non-executive directors are also entitled to receive retirement benefits in terms of Article 69. Since the end of the financial year, Mr.R.C. Milne retired from his executive position and termination benefits were paid out in accordance with his employment contract. Since the end of the previous financial year, no director of Brambles Industries Limited has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of directors' emoluments shown in the attached financial statements or fixed salary as a full-time employee of Brambles Industries Limited) by reason of a contract made by Brambles Industries Limited, its controlled entities or a related body corporate with the director, or with a firm of which the director is a member, or with an entity in which the director has a substantial financial interest.

**Brambles Industries Limited**

**DIRECTORS' REPORT continued:**

**DIRECTORS' RIGHTS TO RECEIVE BENEFITS continued:**

The principal operations of the economic entity and the range of services provided during the financial year are set out on page 2.

**ACTIVITIES:**

During the year, numerous small acquisitions were made, none of which was material to the economic entity. During the year the economic entity divested its investment in Wallace Tugs Pty Limited and the Grace Removals business. Except for the foregoing, there have been no major changes in activities during 1995.

**TRADING RESULTS:**

The consolidated operating profit after income tax attributable to members of the chief entity for 1995 was \$97.7 million compared with a loss of \$233.2 million for 1994.

**DIVIDENDS:**

The directors of Brambles Industries Limited have declared a final dividend for 1995 at the rate of 33.0 cents per share and, for Australian income tax purposes, to be fully franked. It is expected that 4.8% of the dividend will be franked to 39% and the balance to 33%. The amount expected to be paid is \$72.4 million in total. The directors have continued the suspension of the Dividend Reinvestment Plan and the Share Election Plan.

In the event of shareholders making elections under the Overseas Shareholders Dividend Plan, the amount declared by way of dividend by the chief entity will be reduced accordingly and the dividend will be paid in cash by Brambles Investments Plc in lieu thereof.

Dividends paid during 1995 were:

Interim 1995 paid 28 April 1995 at 32.0 cents per share fully franked

Brambles Industries Limited	\$65.7 million
Brambles Investments Plc	\$4.4 million

Final 1994 paid 18 November 1994 at 30.0 cents per share fully franked

Brambles Industries Limited	\$64.0 million
Brambles Investments Plc	\$1.6 million

This dividend was referred to in our previous report dated 30 September 1994.

**REVIEW OF OPERATIONS:**

A review of the operations of the economic entity for 1995 and the results of those operations are set out on pages 9 to 16.

**STATE OF AFFAIRS AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR:**

The result for the year ended 30 June 1995 reflects the write off of \$103.3 million in respect of Environmental Systems Company (ENSCO) in the US.

Since the goodwill write off in ENSCO at 31 December 1993 the underlying hazardous waste incineration business has been continuously monitored and the market conditions deteriorated further especially in the second half of the financial year.

**Brambles Industries Limited**

**DIRECTORS' REPORT continued:**

**STATE OF AFFAIRS DURING THE FINANCIAL YEAR continued:**

ENSCO is a high fixed cost business with profitability being very sensitive to moderate changes in prices and volumes. Medium to long term predictions of price and volume trends in the industry are particularly difficult in the face of continuing excess capacity and a regulatory environment which favours competition from cement kilns.

Considering all issues, it was not possible to estimate with any level of confidence the value of the ENSCO business and thus a prudent course of action was taken in writing off the remaining non-current assets.

A global agreement to develop all new CHEP territories on a joint 50/50 basis was reached with GKN in December. As part of the global agreement, Brambles paid \$51.4 million to lift its equity in Chep UK to 50 per cent, bringing this business into line with those in continental Europe and North America.

With these exceptions, in the opinion of the directors there have been no other significant changes in the state of affairs of the economic entity during the year ended 30 June 1995 not otherwise disclosed in this report and the attached financial statements.

**EVENTS SINCE THE END OF THE FINANCIAL YEAR:**

The directors are not aware of any matter or circumstance that has arisen since 30 June 1995 that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in financial years subsequent to 1995 except as may be stated elsewhere in the annual report.

**LIKELY DEVELOPMENTS:**

Likely developments in the future operations of the economic entity known at the date of this report have been covered generally elsewhere in the annual report. In the opinion of the directors, any further information would be likely to result in unreasonable prejudice to the chief entity and the economic entity and thus some or all, as the case requires, of the required information has not been so included.

**DIRECTORS INDEMNITIES:**

At the Annual General Meeting held on 22 November 1994 the articles of the chief entity were amended so that the directors, principal executive officer and secretary were, to the extent permitted by law, indemnified in relation to any liability incurred on or after 15 April 1994.

During the year no liabilities have arisen, no amounts have been paid nor has the chief entity done anything else to indemnify directors against any liability.

**SHARE OPTIONS:**

On 9 June 1976 and 29 February 1980, Pacific Tidewater Pty Limited was granted an option over one "A" class share in Tidewater Port Jackson Marine Pty Limited and Tidewater Chartering Pty Limited respectively. The options were exercisable between 9 June 1976 and 8 June 1986 and 29 February 1980 and 28 February 1990 respectively, continuing year to year thereafter, and either can be exercised on the payment of one dollar. These options have not been exercised up to the date of this report.

**Brambles Industries Limited**

**DIRECTORS' REPORT continued:**

**SHARE OPTIONS continued:**

As the chief entity is of a kind referred to in the Australian Securities Commission Class Order 94/284 dated 8 March 1994, options issued to officers of the chief entity or a related body corporate pursuant to the employee option plans are not disclosed in detail.

Since the end of the previous financial year and up to the date of this report, 214,060 options over ordinary shares in Brambles Industries Limited have been issued in respect of 37 persons. Of these options 64,060 are exercisable at \$12.00 per share under certain conditions on or before 20 December 1999 and 150,000 are exercisable at \$13.66 per share under certain conditions on or before 5 June 2000. Since the issues, 11,360 options have been exercised and 1,200 options have lapsed.

The names of all persons who currently hold options, granted at anytime, are entered in the register kept by the chief entity pursuant to section 215 of the Corporations Law and the register may be inspected free of charge.

Details of prior issues are shown in previous reports, the number of unissued shares under option and particulars of shares issued during 1995 on the exercise of options are shown in Note 18. Details of options issued to directors are shown in Note 32.

There is no right, by virtue of the options, to participate in any share issue of any other corporation.

#### **ROUNDING OFF**

As the chief entity is of a kind referred to in Australian Securities Commission Class Order 94/1252 dated 17 August 1994, amounts in the financial statements and directors' report have been rounded to the nearest tenth of a million dollars in accordance therewith.

Signed this 25th day of September 1995 in accordance with a resolution of the directors of Brambles Industries Limited.

**A.W. COATES**

**J.E. FLETCHER.**

Brambles Industries Limited and its Controlled Entities

**PROFIT AND LOSS ACCOUNTS**  
for the year ended 30 June 1995

	NOTES	CONSOLIDATED		CHIEF ENTITY	
		1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions
Sales revenue		3,025.9	2,640.1	-	-
Other revenue	2	<u>153.7</u>	<u>104.3</u>	<u>315.2</u>	<u>200.6</u>
Operating revenue		3,179.6	2,744.4	315.2	200.6
		=====	=====	=====	=====
Operating profit before abnormal items and income tax	2	295.3	242.0	171.9	187.9
Abnormal items before income tax	3	<u>(112.3)</u>	<u>(378.1)</u>	<u>15.5</u>	<u>(150.7)</u>
Operating profit/(loss) before income tax		183.0	(136.1)	187.4	37.2
Income tax attributable to operating profit/(loss) before abnormal items	4	(103.1)	(83.8)	(11.4)	(11.6)
Income tax attributable to abnormal items	4	<u>24.5</u>	<u>(9.2)</u>	<u>0.1</u>	<u>(2.5)</u>
Operating profit/(loss) after income tax		104.4	(229.1)	176.1	23.1
Outside equity interests in operating profit after income tax		<u>(6.7)</u>	<u>(4.1)</u>	<u>-</u>	<u>-</u>
Operating profit/(loss) after income tax attributable to members of the chief entity		97.7	(233.2)	176.1	23.1
Retained profits at the beginning of the financial year		295.5	620.8	91.3	144.0
Adjustment to opening balance on introduction of AASB 1028		(5.4)	-	(0.1)	-
Aggregate of amounts transferred from reserves	20	<u>13.6</u>	<u>38.8</u>	<u>0.3</u>	<u>50.9</u>
Total available for appropriation		401.4	426.4	267.6	218.0
Dividends provided for or paid	20	(142.8)	(130.9)	(136.7)	(126.7)
Retained profits at the end of the financial year		<u>258.6</u>	<u>295.5</u>	<u>130.9</u>	<u>91.3</u>
		=====	=====	=====	=====

The notes on pages 31 to 75 form part of the financial statements and are to be read in conjunction therewith.

**Brambles Industries Limited and its Controlled Entities**

**BALANCE SHEETS**  
as at 30 June 1995

	NOTES	CONSOLIDATED		CHIEF ENTITY	
		1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions
<b>Current assets</b>					
Cash	28	127.2	78.9	65.8	23.0
Receivables	5	595.1	492.8	410.9	274.1
Inventories	6	78.0	71.2	-	-
Other	7	<u>18.8</u>	<u>18.5</u>	<u>#</u>	<u>0.1</u>
Total current assets		<u>819.1</u>	<u>661.4</u>	<u>476.7</u>	<u>297.2</u>
<b>Non-current assets</b>					
Receivables	8	25.1	41.8	206.0	206.0
Investments	9	268.4	140.2	446.6	547.9
Inventories	10	1.0	2.0	-	-
Property, plant and equipment	11	1,828.2	1,719.7	11.8	8.7
Intangibles	12	196.3	183.8	-	-
Other	13	<u>98.6</u>	<u>92.5</u>	<u>2.6</u>	<u>4.1</u>
Total non-current assets		<u>2,417.6</u>	<u>2,180.0</u>	<u>667.0</u>	<u>766.7</u>
<b>TOTAL ASSETS</b>		<u>3,236.7</u>	<u>2,841.4</u>	<u>1,143.7</u>	<u>1,063.9</u>
<b>Current liabilities</b>					
Creditors and borrowings	14	476.3	378.3	27.1	14.4
Provisions	15	<u>271.8</u>	<u>247.1</u>	<u>94.5</u>	<u>83.9</u>
Total current liabilities		<u>748.1</u>	<u>625.4</u>	<u>121.6</u>	<u>98.3</u>
<b>Non-current liabilities</b>					
Creditors and borrowings	16	888.6	683.8	-	-
Provisions	17	<u>145.8</u>	<u>125.8</u>	<u>7.6</u>	<u>10.7</u>
Total non-current liabilities		<u>1,034.4</u>	<u>809.6</u>	<u>7.6</u>	<u>10.7</u>
<b>TOTAL LIABILITIES</b>		<u>1,782.5</u>	<u>1,435.0</u>	<u>129.2</u>	<u>109.0</u>
<b>NET ASSETS</b>		<u>1,454.2</u>	<u>1,406.4</u>	<u>1,014.5</u>	<u>954.9</u>
<b>Shareholders' Equity</b>					
Share capital	18	109.6	109.0	109.6	109.0
Reserves	19	1,038.1	949.9	774.0	754.6
Retained profits	20	<u>258.6</u>	<u>295.5</u>	<u>130.9</u>	<u>91.3</u>
Shareholders' equity attributable to members of the chief entity		1,406.3	1,354.4	1,014.5	954.9
Outside equity interests in controlled entities	21	<u>47.9</u>	<u>52.0</u>	<u>-</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,454.2</u>	<u>1,406.4</u>	<u>1,014.5</u>	<u>954.9</u>

The notes on pages 31 to 75 form part of the financial statements and are to be read in conjunction therewith.

# Denotes less than \$50,000

**Brambles Industries Limited and its Controlled Entities**

STATEMENTS OF CASH FLOWS for the year ended 30 June 1995	CONSOLIDATED		CHIEF ENTITY		1994
	\$millions	1995 \$millions	1994 \$millions	1995 \$millions	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts in the course of operations		3,097.0	2,691.1	4.9	4.0
Payments in the course of operations		(2,505.8)	(2,208.9)	(13.0)	(14.2)
Dividends received	30.6	27.2	33.6	1.6	
Interest received	6.3	15.9	0.8	9.6	
Interest paid	(58.0)	(52.7)	(0.5)	(0.2)	
Income taxes paid	<u>(97.1)</u>	<u>(93.6)</u>	<u>(14.4)</u>	<u>(11.0)</u>	
<b>NET OPERATING CASH INFLOWS/(OUTFLOWS)</b>		<u>473.0</u>	<u>379.0</u>	<u>11.4</u>	<u>(10.2)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(402.8)	(466.2)	(0.5)	(0.2)
Proceeds from sale of property, plant and equipment	78.3	42.2	0.7	0.5	
Acquisition of entities	(103.2)	(93.3)	(9.7)	-	
Purchase of other investments		(88.5)	(36.1)	(0.1)	(252.3)
Proceeds from sale of entities		1.2	6.9	126.5	-
Proceeds from sale of other investments		15.4	0.2	-	1.5
Loans to associated companies		(20.4)	(4.3)	-	-
Loans repaid by associated companies		<u>1.8</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
<b>NET INVESTING CASH INFLOWS/(OUTFLOWS)</b>		<u>(518.2)</u>	<u>(546.5)</u>	<u>116.9</u>	<u>(250.5)</u>

Brambles Industries Limited and its Controlled Entities

STATEMENTS OF CASH FLOWS (Continued..)	CONSOLIDATED		CHIEF ENTITY		
	1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issues of shares		16.7	13.9	16.7	13.9
<b>Borrowings:</b>					
Proceeds	1,306.7	500.2	-	11.6	
Repayments	(1,109.2)	(538.3)	(11.6)	-	
<b>Dividends paid:</b>					
Shareholders of chief entity		(135.7)	(130.5)	(129.7)	(126.4)
Outside equity interests	(5.7)	(5.6)	-	-	
Other cash inflows	15.2	1.9	0.4	1.9	
Other cash outflows	-	(1.6)	-	(1.6)	
<b>NET FINANCING CASH INFLOWS/(OUTFLOWS)</b>		<b>88.0</b>	<b>(160.0)</b>	<b>(124.2)</b>	<b>(100.6)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>42.8</b>	<b>(327.5)</b>	<b>4.1</b>	<b>(361.3)</b>
Cash at beginning of year	72.4	407.5	23.0	344.8	
Loans from controlled entities		-	-	38.7	39.5
Exchange rate adjustment	7.7	(7.6)	-	-	
<b>CASH AT END OF YEAR</b>	<b>122.9</b>	<b>72.4</b>	<b>65.8</b>	<b>23.0</b>	

Refer Note 28 for the additional disclosures in respect of the statements of cash flows.

**NOTES TO AND FORMING PART OF THE 1995 FINANCIAL STATEMENTS**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The following broadly explains significant accounting policies adopted by the economic entity which have been consistently applied in the preparation of the annual financial statements.

The financial statements herein are drawn up in accordance with the conventions of historical cost accounting as practised in Australia, except to the extent that certain non-current assets have been revalued as disclosed in these notes.

The financial statements have been made out in accordance with the requirements of Schedule 5 to the Corporations Regulations and comply with applicable accounting standards.

**PRINCIPLES OF CONSOLIDATION**

The consolidated accounts of the economic entity include the accounts of the chief entity and all its controlled entities. The consolidation process eliminates all inter-entity accounts and transactions. The financial statements of overseas controlled entities have been prepared in accordance with overseas accounting practices and, for consolidation purposes, have been adjusted to comply with company policy, applicable accounting standards and generally accepted accounting principles in Australia.

**NON-CURRENT ASSETS**

The carrying amounts of non-current assets are reviewed at each balance date and are not stated at values in excess of their recoverable amounts. Except where stated, recoverable amounts are not determined using discounted cash flows.

**Investments**

Shares in other companies which are not controlled by the chief entity (refer Note 9) are shown in the financial statements as investments and only dividend income derived therefrom is taken into profits. Further disclosure of information about investments in associated companies is included in Note 31.

**Property**

Land and buildings were revalued as at 1 January 1995. The properties were valued on an "in use" basis and the book values of all freehold properties so valued were adjusted to the respective amounts placed thereon by the directors and the resultant net surplus was transferred to the asset revaluation reserve. Real estate purchases since 1 January 1995 are recorded in the financial statements at cost.

The economic entity's policy is to obtain valuations for its properties every three years and in accordance with this policy, land and buildings of the economic entity were independently valued as at 1 January 1995 by licensed real estate valuers of the Jones Lang Wootton organisation in Australia, Colliers in Europe and various licensed valuers in the US. The properties were valued on an "in use" basis. The directors relied on the independent values and valued the properties accordingly. No property was valued in excess of the independent value.

Potential capital gains tax is not taken into account in determining revaluation amounts as there is no intention to sell the assets concerned.

### Plant and Equipment

Surpluses and deficiencies on the disposal of plant and equipment are considered to be and are treated as part of operating profit or expense.

Assets acquired under finance leases are capitalised and accounted for as required by the relevant accounting standard.

### Leasehold Improvements

Leased land at cost and leasehold improvements include the cost of acquisition and development of leased landfills. The landfills have continuing construction costs which are capitalised with the cost of the land and depreciated on the basis of capacity of landfill consumed.

Provision is also made for site restoration and monitoring as a period cost based on capacity of landfill utilised as against total landfill capacity. In the major US landfill most of the restoration costs will be expensed directly during the operation of the landfill which leaves only monitoring as a provision requirement.

### Depreciation

Depreciation is charged in the financial statements so as to write off all property, plant and equipment, including landfill sites but excluding other freehold land, during their expected useful lives. Predominantly, the straight line method of calculation has been used except for landfill where the depreciation is based on capacity utilised of the total capacity available.

### Goodwill

Goodwill, representing the difference between the acquisition costs and the fair value of net assets in controlled entities and businesses acquired, is capitalised and amortised so as to recognise the amortisation expense in terms of the amounts and timing of expected future benefits arising from the goodwill.

The amortisation method and period vary depending upon the acquisition. The methods used are either straight line or inverted sum of the years digits, over periods up to 20 years (refer Note 12).

The unamortised balance of goodwill is reviewed at each balance date and, to the extent that future benefits are no longer probable, is written off and charged to the profit and loss account. An amount of \$356.5 million was written off in 1994 (1995 - Nil) of which \$337.1 million was in respect of Environment Systems Company in the US.

Where, subsequent to acquisition, the value of assets and liabilities at acquisition are changed, the goodwill amount is adjusted accordingly and forms part of the amount reviewed each balance date.

## **CURRENT ASSETS**

### Debtors

Known bad debts are written off. In addition, a general provision for doubtful debts is made in respect of the closing balance of trade debtors.

### Stock, Stores and Work in Progress

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 prearranged rates but not invoiced at balance date, is recorded at 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.

## **INCOME TAX**

The economic entity adopts tax effect accounting in accordance with the relevant accounting standard.

The effect of this standard is that income tax expense for the year is the amount that would be payable on the pre-tax accounting profit adjusted for permanent differences. The effect of timing differences gives rise to movements on the future income tax benefit or provision for deferred income tax accounts.

The provision for deferred income tax carried by certain overseas controlled entities has been calculated on the basis that certain differences between tax and accounting depreciation expense which arose in the past are permanent differences in that they are unlikely to reverse and give rise to an income tax liability in the foreseeable future. The provision for deferred income tax therefore covers only the estimated amount of income tax expected to be assessed in the future as a result of the reversal of timing differences.

As provided for in the standard, the provision for deferred income tax and the future income tax benefit have been offset, where applicable, in the accounts of the individual companies of the economic entity. The future income tax benefit is carried forward as an asset on the basis that the benefit is virtually certain of being realised. Included in future income tax benefit is an amount of \$63.4 million (1994 - \$38.4 million) in respect of tax losses.

Future tax benefits not recognised which are attributable to tax losses total \$24.5 million (1994 - \$22.3 million). Such benefits will only be obtained if the applicable companies:

- (a) derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) continue to comply with the conditions for deductibility imposed by tax legislation; and
- (c) no changes in tax legislation adversely affect the applicable companies realising the benefit from the deductions for the loss.

Where it is considered that the profits of overseas controlled entities may be distributed, withholding tax has been provided for in the consolidated accounts.

## **EMPLOYEE ENTITLEMENTS**

Employee entitlements are provided by the economic entity in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, long service leave and contract entitlements which, when vested, are classified as current liabilities.

The economic entity has complied with AASB 1028 - Accounting for Employee Entitlements which became effective this year. On the initial application of the accounting standard an additional provision of \$5.4 million was required by the economic entity primarily due to the inclusion of overheads in the liability measurement and this amount has been adjusted against the opening balance of retained profits.

Liabilities for employee entitlements which are expected to be settled within one year are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date in accordance with the requirements of the accounting standard.

## **FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions in the ordinary course of business are recorded at the rates of exchange applicable at the dates of the transactions. Any differences arising from these transactions are taken to account in determining the operating profit and no amounts are carried forward.

Translation of the financial statements of overseas controlled entities and the economic entity's assets, liabilities and hedge transactions relating thereto, in overseas currencies is on the basis of exchange rates ruling at each balance date, being 31 December and 30 June each year, and the resultant differences arising therefrom have been transferred directly to the foreign currency translation reserve. Results of overseas controlled entities have been converted to Australian currency at average exchange rates.

Any premiums or discounts relating to forward exchange contracts entered into as hedges against net overseas assets are credited or charged respectively to the profit and loss account over the duration of the contract. This policy has resulted in a net premium of \$0.2 million (1994 - \$0.1 million) being carried forward.

## **COMPARATIVE FIGURES**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

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Notes to and forming part of the 1995 financial statements

	CONSOLIDATED 1995 \$millions	CHIEF ENTITY 1994 \$millions	1995 \$millions	1994 \$millions
<b>2. OPERATING PROFIT</b>				
The following items of income have been brought to account in determining the operating profit:				
Dividends received/receivable from:				
Controlled entities	-	-	149.7	163.3
Associated companies	37.6	29.0	-	0.4
Other corporations	0.1	0.1	#	-
Interest received/receivable from:				
24.0				
Controlled entities	-	-	34.0	
Associated companies	1.9	2.4	-	-
11.6				
Other corporations	5.6	15.7	2.5	
1.3				
Proceeds from sale of non-current assets	<u>108.5</u>	<u>57.1</u>	<u>129.0</u>	<u>    </u>
200.6				
Total other revenue	<u>153.7</u>	<u>104.3</u>	<u>315.2</u>	<u>    </u>
0.5				
Profit on disposal of non-current assets	53.7	19.4	116.2	
Net foreign currency exchange gains	0.4	1.9	0.3	2.7
The following items of expense have been brought to account in determining the operating profit:				
Interest paid/payable to:				
Controlled entities	-	-	0.6	0.4
Other corporations	61.8	50.9	0.5	0.3
Finance charges on capitalised leases	<u>0.4</u>	<u>0.7</u>	<u>-</u>	<u>-</u>
	<u>62.2</u>	<u>51.6</u>	<u>1.1</u>	<u>0.7</u>
Bad debts written off - trade	6.5	6.5		
Amounts transferred to/(from) provision for doubtful debts:				
Trade debtors	0.3	0.2		
Other debtors	<u>(0.1)</u>	<u>1.6</u>		

6.7

8.3

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#Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions
<b>Amortisation of:</b>				
Goodwill	15.6	12.7	-	-
Leased assets capitalised	1.6	1.4	-	-
Leasehold property	3.9	1.9	0.1	0.1
Deferred Expenditure	5.1	3.7	-	-
<b>Depreciation of property, plant and equipment</b>	<b>316.3</b>	<b>285.6</b>	<b>0.4</b>	<b>0.4</b>
<b>Amounts transferred to/(from) provision for:</b>				
Diminution in value of investments	-	(3.0)	99.2	168.7
Employee entitlements	55.8	45.9	2.5	2.0
Repairs, maintenance and overhauls	11.9	10.9	-	-
Stock losses	0.3	(1.1)	-	-
Closedown and reorganisation	8.7	1.6	-	-
<b>Operating lease rentals in respect of occupancy and plant</b>	<b>63.5</b>	<b>73.2</b>	<b>1.1</b>	<b>1.2</b>
<b>Earnings per share in cents per share (excluding abnormal items)</b>			<b>Earnings per share in cents per share (including abnormal items)</b>	
	<b>Basic</b>	<b>Diluted</b>	<b>Basic</b>	<b>Diluted</b>
1995	84.8	84.4	44.7	45.3
1994	70.9	70.0	(107.4)	(102.3)
<b>Basic weighted average number of shares 218,691,437 (1994 - 217,271,401)</b>				

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED	CHIEF ENTITY		
	1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions
<b>3. ABNORMAL ITEMS</b>				
Profit on sale of businesses before income tax expense of \$0.8 million	16.3	-	-	-
Write down of assets in US waste business before income tax relief of \$25.3 million	(128.6)	-		
Goodwill written off before income tax relief - Nil	-	(356.5)	-	-
Provision for diminution in value of investment in controlled entities before income tax relief - Nil	-	-	(99.2)	(171.7)
Intercompany profit on sale of controlled entities before income tax expense - Nil	-	-	116.6	-
Loans to controlled entities written off before income tax relief - Nil	-	-	-	(13.3)
Closedown and reorganisation expenses before income tax relief of \$1.7 million	-	(21.6)	-	-
Realignment of investments in controlled entities to cost before income tax expense - Nil	-	-	-	16.4
Net realised and unrealised profit/(loss) on foreign currency hedges eliminated on consolidation before income tax (expense)/relief (\$2.5million)(1994 - \$1.7million)	<u>-</u>	<u>-</u>	<u>(1.9)</u>	<u>17.9</u>
	<u>(112.3)</u>	<u>(378.1)</u>	<u>15.5</u>	<u>(150.7)</u>

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED 1995 \$millions	CHIEF ENTITY 1994 \$millions	1995 \$millions	1994 \$millions
<b>4. INCOME TAX EXPENSE</b>				
Prima facie income tax expense/(benefit) calculated at 33% (1994 - 33%) on the operating profit/(loss)	60.4	(44.9)	61.8	12.3
Increase/(decrease) in tax expense due to:				
Non-taxable dividends	(12.2)	(9.6)	(46.8)	(54.0)
Provision for diminution in value of investments	-	(1.0)	32.7	55.7
Goodwill written off	-	117.6	-	-
Goodwill amortised	4.6	3.2	-	-
Future income tax benefit written off as an abnormal item	-	10.9	-	-
Overseas tax differential	(4.6)	0.2	(0.2)	-
Unrecouped tax losses	26.6	4.0	-	-
Non-deductible closedown/reorganisation costs	-	5.4	-	-
Change in tax rate	5.5	-	(0.2)	-
Foreign currency exchange variances - net	-	-	(0.1)	(3.4)
Non taxable profit on sale of assets	(4.7)	-	(38.3)	-
Other non-deductible items - net	<u>4.1</u>	<u>5.9</u>	<u>2.4</u>	<u>2.5</u>
	79.7	91.7	11.3	13.1
(Over)/under provision in respect of prior years	<u>(1.1)</u>	<u>1.3</u>	<u>-</u>	<u>1.0</u>
Income tax expense charged against operating profit	<u>78.6</u>	<u>93.0</u>	<u>11.3</u>	<u>14.1</u>
Total income tax expense comprises:				
Added to current income tax liability	99.3	88.6	12.8	12.5
Added to/(deducted from) deferred income tax liability	10.1	2.3	(1.5)	2.5
Deducted from/(added to) future income tax benefit	<u>(30.8)</u>	<u>2.1</u>	<u>-</u>	<u>(0.9)</u>
	<u>78.6</u>	<u>93.0</u>	<u>11.3</u>	<u>14.1</u>
Dividend franking account balance	<u>(4.2)</u>	<u>21.0</u>	<u>(7.6)</u>	<u>19.9</u>

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions
<b>5. RECEIVABLES - Current</b>				
Trade debtors	473.4	415.3		
Provision for doubtful debts	<u>(5.1)</u>	<u>(4.5)</u>		
Trade debtors - net	468.3	410.8	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Controlled entities	-	-	408.7	272.0
Associated companies	24.4	21.3	0.2	0.3
Other debtors	104.5	63.2	2.0	1.8
Provision for doubtful debts	<u>(2.1)</u>	<u>(2.5)</u>	-	-
Other debtors-net	126.8	82.0	410.9	274.1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	595.1	492.8	410.9	274.1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>6. INVENTORIES - Current</b>				
Stock and stores on hand:				
at cost	57.2	48.3		
provision for losses	<u>(2.8)</u>	<u>(2.2)</u>		
at net realisable value	54.4	46.1		
	2.6	4.2		
Work in progress:				
at cost	18.1	14.8		
at net realisable value	<u>2.9</u>	<u>6.1</u>		
	78.0	71.2	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>7. OTHER CURRENT ASSETS</b>				
Prepayments	18.8	18.5	#	0.1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>8. RECEIVABLES - Non-Current</b>				
Controlled entities	-	-	200.0	200.0
Other debtors	25.4	41.8	6.0	6.0
Provision for doubtful debts	<u>(0.3)</u>	<u>-</u>	-	-
	25.1	41.8	206.0	206.0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions
<b>9. INVESTMENTS - Non-Current</b>				
Interest in controlled entities:				
Investments at cost 30 June 1994			719.2	484.1
Realignment of investments to original cost			<u>-</u>	<u>16.4</u>
			<u>719.2</u>	<u>500.5</u>
Cost of additional shares acquired			11.5	252.3
Disposal of shares in controlled entities at cost			(9.9)	-
Capital reductions and pre-acquisition dividends credited			<u>(1.4)</u>	<u>(33.6)</u>
Investments at cost 30 June 1995			<u>719.4</u>	<u>719.2</u>
Provision for diminution in value (1)			<u>(272.8)</u>	<u>(173.6)</u>
Net book amount 30 June 1995			<u>446.6</u>	<u>545.6</u>
Other investments:				
Shares in associated companies at cost	217.5	104.8	0.2	2.5
Provision for diminution in value	<u>(2.1)</u>	<u>(2.1)</u>	<u>(0.2)</u>	<u>(0.2)</u>
	215.4	102.7	<u>-</u>	<u>2.3</u>
Loans to associated companies	14.3	29.8		
Interest in Chep USA partnership (2)	37.0	5.9		
Shares in other non-listed companies at cost	1.8	2.0		
Provision for diminution in value	<u>(0.1)</u>	<u>(0.2)</u>		
	<u>268.4</u>	<u>140.2</u>	<u>446.6</u>	<u>547.9</u>

(1) Following the write down of assets in Environmental Systems Company, a controlled entity of Brambles USA, Inc group, the directors reviewed the carrying value of its investment in Brambles USA, Inc in the accounts of Brambles Industries Limited (the chief entity). It was determined that the recoverable amount was less than the carrying amount and a further provision of \$99.2 million (1994 - \$171.7 million) was made to reduce the investment to recoverable amount. In determining the recoverable amount the expected net cash flows have been discounted to their present value.

(2) The Chep USA partnership's principal activity is the development of pallet pooling operations in the USA. The economic entity has a 50% interest in the partnership and the investment is held at the economic entity's share of net assets. In 1995 Chep USA contributed a profit of \$0.4 million (1994 - loss of \$7.8 million) to the operating profit before income tax of the economic entity.

Additional information in respect of controlled entities is set out in Note 35.

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED 1995 \$millions	CHIEF ENTITY 1994 \$millions	1995 \$millions	1994 \$millions
<b>10. INVENTORIES - NON-CURRENT</b>				
Stock on hand:				
at cost	-	0.7		
Work in progress				
at cost	0.4	0.4		
at net realisable value	<u>0.6</u>	<u>0.9</u>		
	<u>1.0</u>	<u>2.0</u>	<u>-</u>	<u>-</u>
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>				
Land at cost	6.3	50.1	-	0.5
Land at independent valuation				
1 January 1986	-	15.5	-	3.6
Land at directors' valuation				
31 December 1993	-	1.8	-	-
Land at directors' valuation				
1 January 1995	<u>66.6</u>	<u>-</u>	<u>4.7</u>	<u>-</u>
	<u>72.9</u>	<u>67.4</u>	<u>4.7</u>	<u>4.1</u>
Buildings at cost	16.0	107.3	0.1	0.5
Buildings at independent valuation				
1 January 1986	-	16.7	-	2.9
Buildings at directors' valuation				
31 December 1993	-	4.0	-	-
Buildings at directors' valuation				
1 January 1995	<u>103.5</u>	<u>-</u>	<u>5.7</u>	<u>-</u>
	<u>119.5</u>	<u>128.0</u>	<u>5.8</u>	<u>3.4</u>
Provision for depreciation	<u>(2.0)</u>	<u>(11.9)</u>	<u>#</u>	<u>(0.5)</u>
Buildings - net	<u>117.5</u>	<u>116.1</u>	<u>5.8</u>	<u>2.9</u>
Leased land at cost	35.7	30.4	-	-
Leasehold improvements at cost	60.6	41.8	2.7	2.8
Provision for amortisation	<u>(14.0)</u>	<u>(8.7)</u>	<u>(2.0)</u>	<u>(1.9)</u>
Leasehold improvements - net	<u>82.3</u>	<u>63.5</u>	<u>0.7</u>	<u>0.9</u>
Plant and equipment - owned				
at cost	3,764.2	3,359.5	1.8	1.8
Provision for depreciation	<u>(2,216.4)</u>	<u>(1,899.9)</u>	<u>(1.2)</u>	<u>(1.0)</u>
Plant and equipment - owned - net	<u>1,547.8</u>	<u>1,459.6</u>	<u>0.6</u>	<u>0.8</u>
Plant and equipment - leased				
at cost	18.1	21.4		
Provision for amortisation	<u>(10.4)</u>	<u>(8.3)</u>		
Plant and equipment - leased - net	<u>7.7</u>	<u>13.1</u>	<u>-</u>	<u>-</u>
	<u>1,828.2</u>	<u>1,719.7</u>	<u>11.8</u>	<u>8.7</u>

# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions
<b>12. INTANGIBLES</b>				
Goodwill at cost	237.6	209.1		
Provision for amortisation	<u>(41.3)</u>	<u>(25.3)</u>		
Goodwill - net	196.3	183.8	-	-
Net book value of goodwill by method of amortisation:				
Inverted sum of the years digits	116.0	122.1		
Straight line	<u>80.3</u>	<u>61.7</u>		
	<u>196.3</u>	<u>183.8</u>	-	-

If straight line amortisation had been used on the total goodwill, an additional expense of \$2.4 million would have been taken up in 1995.

**13. OTHER NON-CURRENT ASSETS**

Future income tax benefit	75.4	49.3	2.6	4.1
Prepayments	3.1	2.4	-	-
Deferred expenditure	11.8	18.3	-	-
Provision for amortisation	(5.7)	(7.8)	-	-
Permit costs	0.1	15.6	-	-
Provision for amortisation	-	(0.3)	-	-
Capitalised costs - Chep USA	16.6	16.2	-	-
Provision for amortisation	<u>(2.7)</u>	<u>(1.2)</u>	-	-
	<u>98.6</u>	<u>92.5</u>	<u>2.6</u>	<u>4.1</u>

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED	CHIEF ENTITY		
	1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions
<b>14. CREDITORS AND BORROWINGS - Current (1)</b>				
Trade creditors	364.0	323.2	1.9	0.4
Controlled entities	-	-	25.2	2.4
Associated companies	3.2	0.2	-	-
Secured borrowings (2)				
Bank loans	0.1	0.2	-	-
Other loans	0.2	0.3	-	-
Unsecured borrowings:				
Bank loans	95.9	36.1	-	11.6
Bank overdrafts	4.3	6.5	-	-
Other loans	7.7	8.6	-	-
Lease liabilities	<u>0.9</u>	<u>3.2</u>	<u>-</u>	<u>-</u>
	<u>476.3</u>	<u>378.3</u>	<u>27.1</u>	<u>14.4</u>

(1) Included above are hedge borrowings by overseas controlled entities in their local currencies, predominantly US Dollars, Deutschmarks, French Francs and Pounds Sterling, totalling \$103.8 million (1994 - \$17.8 million).

(2) See Note 16 for details of security.

<b>15. PROVISIONS - Current</b>				
Employee entitlements	71.5	58.6	6.5	2.6
Repairs and maintenance	14.8	15.3	-	-
Closedown and reorganisation	9.5	4.5	-	-
Other	19.7	21.4	2.3	0.9
Proposed final dividend	72.4	65.4	72.4	65.4
Dividends payable to outside equity interests	0.5	0.5	-	-
Income tax	<u>83.4</u>	<u>81.4</u>	<u>13.3</u>	<u>15.0</u>
	<u>271.8</u>	<u>247.1</u>	<u>94.5</u>	<u>83.9</u>

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED 1995 \$millions	CHIEF ENTITY 1994 \$millions	1995 \$millions	1994 \$millions
<b>16. CREDITORS AND BORROWINGS - Non-Current (1)</b>				
Other creditors	3.8	0.4		
<b>Secured borrowings (2):</b>				
Bank loans	0.8	1.8		
Other loans	1.4	0.9		
<b>Unsecured borrowings:</b>				
Bank loans	849.8	645.5		
Other loans	28.8	30.6		
Lease liabilities	<u>4.0</u>	<u>4.6</u>	—	—
	<u>888.6</u>	<u>683.8</u>	—	—
<b>Maturity:</b>				
between 1 and 2 years	146.6	68.9		
between 2 and 5 years	709.6	582.3		
after 5 years	<u>32.4</u>	<u>32.6</u>	—	—
	<u>888.6</u>	<u>683.8</u>	—	—
(1) Included above are hedge borrowings by overseas controlled entities in their local currencies, predominantly US Dollars, Deutschmarks, French Francs and Pounds Sterling, totalling \$809.3 million (1994 - \$595.2 million).				
(2) Bank loans and other loans are secured by charge over certain equipment and freehold property in controlled entities.				

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED	CHIEF ENTITY		
	1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions
<b>17. PROVISIONS - Non-Current</b>				
Employee entitlements	35.2	31.1	6.6	8.2
Maintenance and overhaul	16.9	12.2	-	-
Deferred income tax	87.5	77.6	1.0	2.5
Other	<u>6.2</u>	<u>4.9</u>	<u>-</u>	<u>-</u>
	<u>145.8</u>	<u>125.8</u>	<u>7.6</u>	<u>10.7</u>

**18. SHARE CAPITAL**

<b>Authorised Capital</b> 500,000,000 ordinary shares of 50¢ each	250.0	250.0	250.0	250.0
<b>Unissued Capital</b> Over which 5,970,829 (1994 - 8,201,986) options are held (1)	3.0	4.1	3.0	4.1
<b>Paid-up Capital</b> 219,266,795 (1994 - 217,918,443) ordinary shares of 50¢ each	109.6	109.0	109.6	109.0

Particulars of ordinary shares issued by Brambles Industries Limited during 1995

	Number of Shares	Option Issue Date	Issue Price \$
Shares issued in respect of a top up offer made by the company to round individual share holdings to a marketable parcel.	230,733		10.64
Shares issued on exercise of options under the employee option plans (options are issued at the market price at the time of issue)	620,423	30/11/1989	12.65
	111,300	30/11/1989	13.20
	148,540	31/05/1990	12.25
	29,968	31/05/1990	13.45
	19,100	29/11/1990	13.55
	2,520	29/11/1990	13.90
	179,508	27/05/1993	12.84
	3,100	28/10/1993	12.88
	3,160	20/12/1994	12.00

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED	CHIEF ENTITY		
	1995 \$millions	1994 \$millions	1995 \$millions	1994 \$millions
<b>18. SHARE CAPITAL (continued)</b>				
(1) Options are in respect of the employee option plans and those on issue as at 30 June 1995 are				
	Number of Options	Exercise Price \$	Expiry Date	
-----			-----	
	352,220	13.54	29/10/1995	
	800,426	13.89	29/10/1995	
	2,948,680	12.84	27/05/1998	
	373,238	12.88	30/09/1998	
	1,054,065	12.88	28/10/1998	
	80,000	14.42	28/04/1999	
	152,500	14.38	26/05/1999	
	59,700	12.00	20/12/1999	
	150,000	13.66	05/06/2000	
<b>19. RESERVES</b>				
Share premium reserve:				
Balance 30 June 1994	751.5	738.2	751.5	738.2
Premium on shares issued under share top up offer	2.3	-	2.3	-
Premium on shares issued on exercise of options under employee option plans	<u>13.7</u>	<u>13.3</u>	<u>13.7</u>	<u>13.3</u>
Balance 30 June 1995	<u>767.5</u>	<u>751.5</u>	<u>767.5</u>	<u>751.5</u>

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED	CHIEF ENTITY	1995	1994
	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions
<b>19. RESERVES (Continued)</b>				
<b>Asset revaluation reserve:</b>				
Balance 30 June 1994	10.2	43.0	3.1	29.1
Transfer to retained profits (1)	(2.4)	(32.8)	(0.3)	(26.0)
Revaluation increment	<u>0.2</u>	<u>-</u>	<u>3.7</u>	<u>-</u>
Balance 30 June 1995	<u>8.0</u>	<u>10.2</u>	<u>6.5</u>	<u>3.1</u>
<b>General reserve (2):</b>				
Balance 30 June 1994	131.1	137.1	-	2.8
Transfer to retained profits	<u>(11.2)</u>	<u>(6.0)</u>	<u>-</u>	<u>(2.8)</u>
Balance 30 June 1995	<u>119.9</u>	<u>131.1</u>	<u>-</u>	<u>-</u>
<b>Foreign currency translation reserve:</b>				
Balance 30 June 1994	57.1	60.4	-	16.0
Transfer on consolidation	85.6	(3.3)	-	-
Transfer to retained profits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16.0)</u>
Balance 30 June 1995	<u>142.7</u>	<u>57.1</u>	<u>-</u>	<u>-</u>
<b>Investment reserve (3):</b>				
Balance 30 June 1994			-	6.1
Transfer to retained profits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6.1)</u>
Balance 30 June 1995	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,038.1</u>	<u>949.9</u>	<u>774.0</u>	<u>754.6</u>

- (1) The reserve transfer to retained profits represents the realised asset revaluation reserves on property sold.
- (2) The General Reserve represents profits in respect of overseas controlled entities which are presently unavailable for distribution by way of dividend being the difference between the distributable profits according to the statutory requirements of the countries concerned and the profits reported under generally accepted accounting principles in Australia.
- (3) The Investment Reserve represented a realised profit in the chief entity arising in prior years on the inter-company sale of an investment in an associated company. For the economic entity this profit was unrealised and, on consolidation, is eliminated and the investment in the associated company restated at original cost to the economic entity.

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995 \$millions	1994 \$millions	1995 millions	1994 \$millions
<b>20. RETAINED PROFITS</b>				
Balance 30 June 1994	295.5	620.8	91.3	144.0
Adjustment to opening balance on introduction of AASB1028	(5.4)	-	(0.1)	-
Operating profit/(loss) after income tax attributable to members of chief entity	97.7	(233.2)	176.1	23.1
Final dividend - 1994 (adj)	(0.3)	(0.2)	1.4	2.3
Interim dividend - 1995	(70.1)	(65.3)	(65.7)	(63.6)
Final dividend - 1995	(72.4)	(65.4)	(72.4)	(65.4)
Transfer from:				
General reserve	11.2	6.0	-	2.8
Foreign currency translation reserve	-	-	-	16.0
Investment reserve	-	-	-	6.1
Asset revaluation reserve	2.4	32.8	0.3	26.0
	=====	=====	=====	=====
Balance 30 June 1995	258.6	295.5	130.9	91.3
	=====	=====	=====	=====

The difference in dividend amount between chief entity and consolidated is due to dividends paid by Brambles Investments Plc under the Overseas Shareholders Dividend Plan.

**21. OUTSIDE EQUITY INTERESTS**

Issued capital	4.6	6.0		
Reserves	30.4	31.0		
Retained profits	12.9	15.0		
	=====	=====	=====	=====
	47.9	52.0	-	-
	=====	=====	=====	=====

As at 30 June 1995 Environmental Systems Company (ENSCO) had 1,465,589 preferred shares on issue (1994 - 1,531,289) which are convertible at the option of the holder at any time, unless previously redeemed, into cash in an amount equal to US\$15.624 per share. The preferred stock is redeemable, in whole or in part, at the option of ENSCO, at prices beginning at US\$26.75 on 12 December 1986 and declining US\$0.175 each year to US\$25 on and after 12 December 1996. Dividends accrue on the preferred stock at a 7% effective rate and are cumulative and payable quarterly.

The preferred stock is also exchangeable in whole only at the option of ENSCO on any dividend payment date for 7% Convertible Subordinated Debentures due 1 December 2011, at the rate of US\$25 principal amount of debentures for each share of preferred stock. The debentures, if issued, will be convertible at the option of the holder at any time, unless previously redeemed, into cash in an equivalent amount to the conversion price applicable to the preferred stock for which the debentures were exchanged.

Notes to and forming part of the 1995 financial statements

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**22. CONTINGENT LIABILITIES**

(a) Brambles Industries Limited has contingent liabilities (unsecured) in respect of:

- (i) Bank guarantee given on behalf of a controlled entity to a limit of \$7.9 million (1994 - \$8.3 million).
- (ii) Guarantees given by it relating to performance under contracts entered into by controlled entities totalling \$1.4 million (1994 - \$0.6 million).
- (iii) Guarantees relating to bank credit facilities of controlled entities totalling \$164.4 million (1994 - Nil) of which \$141.3 million (1994 - Nil) has been drawn.

(b) Controlled entities have contingent liabilities (unsecured) in respect of guarantees given relating to performance under contracts entered into totalling \$74.9 million (1994 - \$42.1 million).

(c) In the ordinary course of business, controlled entities become involved in litigation most of which falls within the economic entity's insurance arrangements. Whilst the outcomes are uncertain, contingent liabilities exist which should not be material to the economic entity.

(d) The tax audit of Brambles Industries Limited and its controlled entities in Australia was concluded during the year resulting in adjustments which were not material to the economic entity.

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22. CONTINGENT LIABILITIES (Continued)

(e) Environmental contingent liabilities

The economic entity's activities include the treatment and disposal of hazardous and non-hazardous waste through controlled entities and joint ventures. In addition, other activities of the economic entity entail using, handling and storage of materials which are capable of causing environmental impairment.

The economic entity's operations are subject to, and substantially affected by, numerous laws and regulations in the jurisdictions in which it operates which govern environmental protection, liability, land use planning and other matters. These extensive laws and regulations are continually evolving in response to technological advances and other developments. The economic entity cannot predict the extent to which it may be affected by any legislation or regulation that may be enacted or enforced against any of its operations. Non-compliance with regulations or permit conditions, even if unintentional, may result in fines, shutdowns or remedial actions.

It is the economic entity's policy that all businesses will follow strict environmental compliance procedures and the chief entity's board reviews and monitors environmental protection and remediation practices within the economic entity.

As a consequence of the inherent risks associated with the nature of certain of the economic entity's operations and the expansion of such operations through acquisitions, the economic entity has incurred and will continue to incur costs associated with maintenance, closure and post-closure of sites and facilities and has incurred and will incur expenses and liabilities for environmental matters including remediation of operating and landfill sites and facilities.

Contingent liabilities exist in relation to the remediation of three environmentally impaired sites obtained by acquisition and provisions have been made for certain estimated clean up and protection costs. While it is not possible to be certain that such costs are fully provided for, it is believed that any remaining financial exposure is not material.

Contingent liabilities also exist in the economic entity and joint venture in relation to the restoration, monitoring and control of completed landfill sites and in respect of possible but unidentified remediation requirements on certain such sites. Provisions have been made in respect of estimated restoration costs and in the past any other costs have been expensed as incurred. The extent to which contingent liabilities may involve future costs for which no provisions are held is not possible to predict.

The economic entity maintains environmental insurance cover for sudden and unintended pollution. Environmental Systems Company maintains a level of gradual pollution cover. Such cover is not held by other parts of the economic entity because of the limited availability and cost.

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Notes to and forming part of the 1995 financial statements

23. COMMITMENTS ON LONG TERM LEASES AND HIRE CONTRACTS OF THE ECONOMIC ENTITY

Operating leases:

Not otherwise provided for in the financial statements.

	OCCUPANCY		CHIEF ENTITY		PLANT CONSOLIDATED	
	1995 \$Mill	1994 \$Mill	1995 \$Mill	1994 \$Mill	1995 \$Mill	1994 \$Mill
Due						
- within 1 year	45.9	47.7	1.1	1.1	8.7	9.9
- between 1 and 2 years	37.6	39.6	1.1	1.1	7.2	7.5
- between 2 and 5 years	74.6	73.7	3.2	3.3	12.2	16.5
- after 5 years	<u>64.1</u>	<u>63.6</u>	<u>-</u>	<u>1.0</u>	<u>1.7</u>	<u>1.0</u>
	<u>222.2</u>	<u>224.6</u>	<u>5.4</u>	<u>6.5</u>	<u>29.8</u>	<u>34.9</u>

Finance leases:

	CONSOLIDATED	
	1995 \$Mill	1994 \$Mill
Due		
- within 1 year	1.1	3.5
- between 1 and 2 years	1.2	1.3
- between 2 and 5 years	1.3	1.7
- after 5 years	<u>1.7</u>	<u>1.8</u>
Minimum lease payments	5.3	8.3
Future finance charges	<u>(0.4)</u>	<u>(0.5)</u>
Present value of minimum finance lease payments	<u>4.9</u>	<u>7.8</u>

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions
<b>24. COMMITMENTS FOR CAPITAL EXPENDITURE</b>				
Contracts for capital expenditure are estimated at:				
Due - within 1 year	79.7	80.4		
- between 1 and 2 years	0.8	0.1		
- between 2 and 5 years	-	-		
- after 5 years	-	-		
	<u>80.5</u>	<u>80.5</u>	-	-
	=====	=====	=====	=====

25. AUDITORS' REMUNERATION	\$'000		\$'000	
	\$'000	\$'000	\$'000	\$'000
Amounts received or due and receivable for audit services by:				
Auditors of the chief entity	1,529	1,488	152	131
Other auditors (1)	<u>2,108</u>	<u>1,603</u>	<u>143</u>	<u>126</u>
	<u>3,637</u>	<u>3,091</u>	<u>295</u>	<u>257</u>
Amounts received or due and receivable for other services by (2):				
Auditors of the chief entity	842	648	488	512
Other auditors (1)	<u>711</u>	<u>864</u>	<u>1</u>	<u>1</u>
	<u>1,553</u>	<u>1,512</u>	<u>489</u>	<u>513</u>

(1) Includes overseas associated firms of Deloitte Touche Tohmatsu.

(2) Includes share registry, taxation and other consulting services.

**26. SEGMENTAL REPORTING**

The economic entity's activities predominantly involve national and international materials handling and movement services forming an integrated industrial services business which may be categorised as:

Equipment services covering hire of pallets, railway wagons, containers, linen, fork lifts, cranes and other plant and equipment both manned and unmanned.

Transport services covering specialised freight movements of fluids, refrigerated cargo, valuables, waste, household effects as well as transportation of general freight by road, rail and sea.

Waste treatment and disposal of hazardous and non-hazardous waste.

Other services covering marine, records management and other specialist activities.

Intersegment sales are not material and have been eliminated.

Notes to and forming part of the 1995 financial statements

	OPERATING REVENUE		OPERATING PROFIT BEFORE ABNORMAL ITEMS & TAX		ASSETS	
	1995 \$'Mill	1994 \$'Mill	1995 \$'Mill	1994 \$'Mill	1995 \$'Mill	1994 \$'Mill
<b>26. SEGMENTAL REPORTING</b>						
<b>(Continued...)</b>						
<b>Industry Segments</b>						
Equipment Services	1,319.7	1,110.3	217.6	158.8	1,708.2	1,390.4
Transport Services	1,271.4	1,129.6	96.1	82.8	861.2	801.9
Waste Treatment & Disposal	224.9	193.2	18.3	7.8	267.9	347.3
Other	355.2	292.1	32.7	28.8	250.6	243.8
	<b>3,171.2</b>	<b>2,725.2</b>	<b>364.7</b>	<b>278.2</b>	<b>3,087.9</b>	<b>2,783.4</b>
<b>Unallocated</b>						
- Interest Income	7.5	18.1	7.5	18.1 }		
- Interest Expense	-	-	(62.2)	(51.6) }		
- Administration & Other Unallocated Items	0.9	1.1	(14.7)	(2.7) }	148.8	58.0
	<b>3,179.6</b>	<b>2,744.4</b>	<b>295.3</b>	<b>242.0</b>	<b>3,236.7</b>	<b>2,841.4</b>
<b>Geographic Segments</b>						
Australia	1,792.9	1,564.0	207.9	178.8	1,249.3	1,141.9
Europe	976.2	845.3	134.3	102.8	1,352.2	1,121.6
USA	369.2	289.5	23.4	(1.0)	466.4	504.7
Other	32.9	26.4	(0.9)	(2.4)	20.0	15.2
	<b>3,171.2</b>	<b>2,725.2</b>	<b>364.7</b>	<b>278.2</b>	<b>3,087.9</b>	<b>2,783.4</b>
<b>Interest and administration</b>						
- Australia	4.1	13.2	(20.4)	8.4 }		
- Europe	3.5	4.6	(23.1)	(20.4) }		
- USA	0.7	1.2	(25.9)	(24.4) }	148.8	58.0
- Other	0.1	0.2	-	0.2 }		
	<b>3,179.6</b>	<b>2,744.4</b>	<b>295.3</b>	<b>242.0</b>	<b>3,236.7</b>	<b>2,841.4</b>

Notes to and forming part of the 1995 financial statements

27. SUPERANNUATION COMMITMENTS

The economic entity contributes to various plans, including industry-based/productivity funds in Australia, which provide superannuation or retirement benefits for employees.

Details of the principal plans are:

NAME OF PLAN	BENEFIT TYPE AND BASIS OF CONTRIBUTION  (1)	DATE OF LAST ACTUARIAL ASSESSMENT	ACTUARY NAME & QUALIFICATIONS
Brambles Provident Fund (2)	Defined Benefit & Accumulation	01/10/94	M. Stevenson F.I.A.A.
Brambles Superannuation Trust Fund	Accumulation	-	-
Tower Enterprise Plan (3)	Accumulation	-	-
Brambles Shipping Seagoing Officers' Superannuation Fund	Defined Benefit	01/07/93	J Carroll F.I.A.A.
Brambles Marine Superannuation Fund	Defined Benefit	01/07/93	H T Pitts F.I.A.A.
Tidewater Port Jackson Marine Seagoing Officers' Plan	Defined Benefit	01/02/94	P. Labrie BEc, F.I.A.A.
Brambles USA Employees' Profit Sharing and Salary Savings Plan and Trust	Accumulation	-	-
ENSCO Employee Profit Sharing and Retirement Benefit Plan	Accumulation	-	-
Brambles Europe Retirement Plan	Defined Benefit	-	New fund
EVA Retirement Pension Plans	Defined Benefit	06/07/95	KPMG/DTG Mr Grassenhuber Mr Rieger
OEVA Pension Plan	Defined Benefit	30/06/95	Dr Laktha
Brambles United Kingdom Pension Plan	Defined Benefit	31/03/94	Alexander Clay

Notes to and forming part of the 1995 financial statements

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27. SUPERANNUATION COMMITMENTS (Continued..)

From the most recent financial reports of the defined benefit superannuation plans:

	Accrued Benefits \$Millions	Market Value Of Plan Assets \$Millions	Surplus (Deficiency) \$Millions	Vested Benefits \$Millions
Brambles Provident Fund	78.9	81.8	2.9	78.4
Brambles Shipping Seagoing Officers' Superannuation Fund	1.2	1.4	0.2	1.2
Brambles Marine Superannuation Fund	10.4	12.8	2.4	8.7
Tidewater Port Jackson Marine Seagoing Officers' Plan	6.3	8.2	1.9	6.3
EVA Retirement Pension Plans	12.9	11.1	(1.8)	10.7
OEVA Pension Plan	2.3	2.3	-	2.3
Brambles United Kingdom Pension Plan	<u>15.3</u>	<u>18.5</u>	<u>3.2</u>	<u>15.3</u>
127.3	<u>136.1</u>	<u>8.8</u>	<u>122.9</u>	
==	==	==	==	

The obligation to contribute to the various funds is covered by trust deeds and/or legislation and the legal enforceability is dependent upon these.

At the date of the last actuarial assessment, funds were available in all plans to satisfy all benefits in the event of termination of the plans and the voluntary or compulsory termination of each employee in the plans except for the EVA Retirement Pension Plans in Germany.

Contributions continue in all funds that are in surplus, however, reduced company contributions are being made in the Brambles Marine Superannuation Fund.

The deficiency in the EVA Retirement Pension Plans will be amortised over fifteen years.

- (1) Accumulation benefit is based on contributions and income thereon held by the fund on behalf of the member. In accumulation funds the percentage of salary contributions, both employee and company, is usually fixed by virtue of the applicable trust deed.

Defined benefit is generally based on length of service and salary/wage of the member at retirement. In defined benefit funds the percentage of salary contribution for employees is generally fixed by virtue of the applicable trust deed and the company contribution usually varies according to the assets of the fund to ensure a fully funded plan.

- (2) From 1 October 1994 the membership of the Brambles Management Superannuation Plan transferred to the Brambles Provident Fund and the Brambles Management Superannuation Plan was then wound up.

- (3) The Tower Enterprise Plan covers New Zealand employees who were previously members of the Brambles NZ Provident Fund and the Brambles NZ Superannuation Trust Fund, both of which were wound up during the year.
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Notes to and forming part of the 1995 financial statements

	CONSOLIDATED 1995 \$millions	CHIEF ENTITY 1994 \$millions	1995 \$millions	1994 \$millions
<b>28. STATEMENTS OF CASH FLOWS - ADDITIONAL INFORMATION</b>				
<b><u>Non-cash financing and investing activities</u></b>				
There were no financing or investing transactions which have had a material effect on the assets and liabilities of the economic entity that did not involve cash flows.				
<b><u>Reconciliation to operating profit/(loss)</u></b>				
Reconciliation of operating profit/(loss) after income tax to net operating cash inflows/(outflows):				
Operating profit/(loss) after income tax	104.4	(229.1)	176.1	23.1
Add back:				
Depreciation and amortisation	342.5	305.3	0.5	0.5
(Profit)/loss on disposal of non-current assets including investments	(53.7)	(19.4)	(116.2)	(0.5)
Chep USA start up costs	(1.8) 7.1	-	-	
Goodwill written off	-	356.5	-	-
Other assets written off	129.4 8.2	-	13.3	
Net currency realignments on controlled entities and foreign currency hedges	1.5	(0.4)	3.5	(29.2)
Dividends and interest receivable from controlled entities	-	-	(149.5)	(185.5)
Balance sheet movements net of acquisitions:				
Provisions				
- Tax	(19.2)	(0.1)	(3.1)	3.1
- Provision for diminution of investments	(3.0) 99.2	168.7		
- Other	2.4 2.1	3.7	0.9	
Debtors	(59.9)	(47.4)	(3.2)	(2.5)
Creditors	23.3 7.7	0.4	(2.2)	
Inventories	2.8 (6.5)	-	-	
Prepayments	1.3	(2.0)	-	0.1
Net cash inflows/(outflows) from operating activities	473.0	379.0	11.4	(10.2)

Notes to and forming part of the 1995 financial statements

CONSOLIDATED  
1995                      1994  
\$millions                \$millions

28. STATEMENTS OF CASH FLOWS - ADDITIONAL INFORMATION (Continued..)

Acquisitions and disposals of entities

Details of acquisitions and disposals of controlled entities and businesses are as follows:-

Acquisitions:

Purchase price	101.3	103.2	
Deferred settlement from prior years		0.1	0.4
Non cash portion of purchase price		<u>(0.2)</u>	<u>(9.8)</u>
Cash paid	101.2	93.8	
Cash held by entities acquired at date of acquisition	<u>2.0</u>	<u>(0.5)</u>	
Net cash outflow	<u>103.2</u>	<u>93.3</u>	

Fair value of net assets acquired:

<b>Current assets</b>			
Cash		0.1	0.9
Receivables	2.7	15.7	
Inventory		2.3	5.7
Other	0.4	0.5	
<b>Non-current assets</b>			
Property, plant and equipment		78.0	77.6
Other	-	0.1	
<b>Current liabilities</b>			
Creditors and borrowings		(3.5)	(28.2)
Bank overdrafts		(2.1)	(0.4)
Provisions		(4.0)	(4.6)
<b>Non-current liabilities</b>			
Creditors and borrowings		(0.1)	(2.8)
Provisions		-	(2.9)
Outside equity interests	6.1	13.6	
Goodwill	<u>21.4</u>	<u>28.0</u>	
Purchase price	<u>101.3</u>	<u>103.2</u>	

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995	1995	1994	1995
	\$millions	\$millions	\$millions	\$millions
				1994
<b>28. STATEMENTS OF CASH FLOWS - ADDITIONAL INFORMATION (Continued..)</b>				
<b><u>Acquisitions and disposals of entities (continued..)</u></b>				
<b>Disposals:</b>				
Disposal price		15.0	6.9	
Deferred settlement		<u>(13.8)</u>	—	
Net cash inflow	1.2	<u>6.9</u>		
<b>Assets and liabilities disposed of:</b>				
<b>Current assets</b>				
Receivables		0.1	-	
Inventory		1.6	0.4	
Other		1.0	-	
<b>Non-current assets</b>				
Property, plant and equipment			12.6	8.8
<b>Current liabilities</b>				
Creditors and borrowings		(5.4)	-	
Provisions		(4.3)	(0.1)	
Outside equity interests disposed of		-	0.1	
Profit/(Loss) on disposal		<u>9.4</u>	<u>(2.3)</u>	
Consideration		<u>15.0</u>	<u>6.9</u>	
<b><u>Components of cash</u></b>				
Cash at bank and on hand		59.5	49.9	23.0
Deposits at call		<u>67.7</u>	<u>29.0</u>	<u>-</u>
		127.2	78.9	23.0
Bank overdraft		<u>(4.3)</u>	<u>(6.5)</u>	<u>-</u>
		<u>122.9</u>	<u>72.4</u>	<u>23.0</u>

Notes to and forming part of the 1995 financial statements

	1995 \$millions	CONSOLIDATED 1994 \$millions	
<b>28. STATEMENTS OF CASH FLOWS - ADDITIONAL INFORMATION (Continued..)</b>			
<u>Loan facilities and credit standby arrangements</u>			
<b>Committed credit facilities:</b>			
Australia	198.5	158.5	
Overseas	1,091.5	807.4	
Credit standby arrangements		—	—
	1,290.0	965.9	
Amounts utilised		<u>(946.9)</u>	<u>(684.5)</u>
Net available		343.1	281.4
	====	====	

Credit facilities are arranged by the chief entity on behalf of its controlled entities. Funding is generally sourced from relationship banks on a medium to long term, unsecured basis.

Funding arrangements applying at 30 June 1995 are summarised below:

Australia: (i) Revolving unsecured credit lines totalling \$195.0 million with an average term to maturity of 3.5 years.

(ii) Secured loan facility of \$3.5 million maturing in December 1995.

Overseas: (i) Various committed credit lines denominated in foreign currencies with maturity dates ranging out to 1999. These facilities have an average term to maturity of 2.9 years.

(ii) Additional credit lines totalling \$317.2 million were finalised subsequent to balance date to provide new and replacement funding of \$114.3 and \$202.9 million respectively. \$171.0 million of unused credit funds are available on a transferable basis to various controlled entities situated in OECD countries. All facilities are structured on an unsecured, revolving basis with the extension of each facility normally pursued prior to the date of expiry.

Notes to and forming part of the 1995 financial statements

29. ACQUISITION/DISPOSAL OF CONTROLLED ENTITIES AND BUSINESSES

The following controlled entities and material businesses were acquired or disposed of during the financial year. The date of acquisition is also the date from which the operating results are included in the profit and loss account.

	Fair Value of Net Tangible Assets at Date of Acquisition/Disposal \$millions	Consideration (Cash) \$millions	Holding Company's Interest %
<b>COMPANIES ACQUIRED:</b>			
Data Safe Services Corporation (acquisition date 1 December 1994)	1.3	2.4	100
NILO Transport Service B.V. (acquisition date 8 July 1994)	3.7	13.1	100
 <b>BUSINESSES ACQUIRED:</b>			
P&O Forklifts (acquisition date 3 May 1995)	22.1	26.3	
 <b>BUSINESSES DISPOSED:</b>			
Grace Removals (disposal date 30 June 1995)	5.6	13.8	
 <b>COMPANIES INCORPORATED:</b>			
Chep Asia Sendirian Berhad Resource Products, Inc.			100 100
 <b>COMPANIES LIQUIDATED/MERGED:</b>			
Vytalbase Inc.			-
Brambles Property Services Limited			-
BRM Records Management Limited			-
Gardner Perrott New Zealand (1989) Limited			-
Grace Bros. Transport Limited			-
Henderson Gardner Perrott (1989) Limited			-
Intershred Limited			-
John Henderson (1989) Limited			-
Moving Systems New Zealand Limited			-
New Zealand Furnaces (1989) Limited			-
Brinks Armoured Transport Limited			-
Chep Holdings Limited			-
Grace International Removals Limited			-
Movements International Movers (N.Z.) Limited			-
Movements Records Management Limited			-
Fenwick Holdings (N.Z.) Limited			-

With the exception of Vytalbase Inc. all of the above companies were merged into Brambles New Zealand Limited during the year.

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY		
	1995	1995	1994	1995	1994
	\$millions	\$millions	\$millions	\$millions	
<b>30. DIRECTORS' AND EXECUTIVES' REMUNERATION</b>					
Remuneration of Directors: (1)					
The number of directors of the chief entity, including executive directors, who received or in respect of whom income is due and receivable, from the chief entity and related bodies corporate, within the following bands is:					
\$40,000 - \$49,999			3	2	
\$50,000 - \$59,999			1	2	
\$60,000 - \$69,999	1		-		
\$140,000 - \$149,999	-		2		
\$150,000 - \$159,999	2		-		
\$630,000 - \$639,999			-	1	
\$660,000 - \$669,999	1		-		
\$1,390,000 - \$1,399,999				1	-
\$1,460,000 - \$1,469,999			-	1	
Total income received or due and receivable by the directors of the chief entity and controlled entities overseas.		12,895	12,196	2,619	2,589

(1)The Company has complied with ASC Class Order 94/1529 which removed anomalies between the Corporations Law and AASB 1017-Related Party Disclosures. This has meant that retirement benefits and ongoing superannuation contributions which do not require approval by shareholders are now included in remuneration rather than in retirement benefits as in the past.

Notes to and forming part of the 1995 financial statements

	CONSOLIDATED		CHIEF ENTITY	
	1995 \$000	1994 \$000	1995 \$000	1994 \$000
<b>30. DIRECTORS' AND EXECUTIVES' REMUNERATION (Continued)</b>				
<b>Remuneration of Executives</b>				
The number of executive officers employed in Australia who received, or in respect of whom income is due and receivable, which exceeds \$100,000 from the chief entity and related bodies corporate, within the following bands is:				
\$100,000 - \$109,999	-	1	-	1
\$110,000 - \$119,999	1	1	1	1
\$120,000 - \$129,999	1	2	1	2
\$130,000 - \$139,999	3	4	3	4
\$140,000 - \$149,999	3	8	3	8
\$150,000 - \$159,999	7	4	7	4
\$160,000 - \$169,999	4	3	4	3
\$170,000 - \$179,999	2	5	2	5
\$180,000 - \$189,999	3	2	3	2
\$190,000 - \$199,999	7	7	7	7
\$200,000 - \$209,999	4	4	4	4
\$210,000 - \$219,999	2	2	2	2
\$220,000 - \$229,999	4	2	4	2
\$230,000 - \$239,999	2	1	2	1
\$240,000 - \$249,999	2	-	2	-
\$250,000 - \$259,999	1	-	1	-
\$260,000 - \$269,999	2	-	2	-
\$310,000 - \$319,999	-	1	-	1
\$320,000 - \$329,999	1	1	1	1
\$340,000 - \$349,999	1	1	1	1
\$380,000 - \$389,999	1	-	1	-
\$390,000 - \$399,999	1	-	1	-
\$490,000 - \$499,999	-	1	-	1
\$620,000 - \$629,999	1	-	1	-
\$630,000 - \$639,999	-	1	-	1
\$660,000 - \$669,999	1	-	1	-
\$1,390,000 - \$1,399,999	1	-	1	-
\$1,460,000 - \$1,469,999	-	1	-	1
(Refer Note 1 on previous page)				
Total income received, or due and receivable, by these executives from the chief entity and related bodies corporate	13,532	11,387	13,532	11,387

Notes to and forming part of the 1995 financial statements

31. ASSOCIATED COMPANY INFORMATION

MATERIAL ASSOCIATED COMPANIES (4)	PRINCIPAL ACTIVITIES	ECONOMIC ENTITY INTEREST		DIVIDEND RECEIVED BY ECONOMIC ENTITY	
		%		1995	1994
		1995	1994	\$Mill	\$Mill
*GKN Brambles Enterprises Limited	Management	50	50	0.4	0.2
*Chep UK Limited	Pallet pooling	50	30	14.4	8.1
*Chep Europ B.V. Group (1)	Pallet pooling	50	50	14.1	8.2
*Cleanaway Holdings Limited Group	Waste management	50	50	7.1	9.5
*Leto Holdings B.V. (2)	Waste management	50	50	0.7	-
				<u>36.7</u>	<u>26.0</u>
Other non material associated companies				<u>0.9</u>	<u>3.0</u>
				<u>37.6</u>	<u>29.0</u>
*Companies with balance date of 31 December (3)					

	1995 \$Mill	1994 \$Mill
Equity - accounted amount of investment	215.9	110.0
Share of associated companies' reserves	(5.0)	5.0
Share of associated companies' retained profits /(accumulated losses)	3.4	0.2
Share of associated companies' operating profit (after tax and extraordinary items)	38.7	32.2
Share of associated companies' reserve increment/(decrement)	(10.0)	(2.2)
Carrying amount of investment	217.5	104.8

- (1) Chep Europ B.V. Group covers the Chep companies in The Netherlands, Belgium, France, Germany, Italy, Spain and its branch in Portugal. The economic entity has a 50% interest in this group.
- (2) Leto Holdings B.V. holds a 50% investment in Leto Recycling B.V. which is the operating company.
- (3) The financial information used in applying the equity method of accounting is the most recent made available to the shareholders which is for the year ended 30 June 1995.
- (4) The directors are not aware of any significant events or transactions which have occurred post balance dates which could materially affect the financial position or operating results of associated companies.

**Notes to and forming part of the 1995 financial statements**

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**32. RELATED PARTY INFORMATION**

**1. Controlled entities**

Brambles Industries Limited has amounts receivable and payable to wholly owned controlled entities as disclosed in Notes 5, 8 and 14. Interest is charged on amounts receivable at commercial rates of interest. Interest received/receivable is shown in Note 2. No interest is charged on amounts payable by Brambles Industries Limited to wholly owned controlled entities.

Dividends are declared by all Australian controlled entities which have franking credits and distributable profits. Dividends received/ receivable by Brambles Industries Limited are shown in Note 2 and are eliminated on consolidation.

Within Europe and North America there are loans between controlled entities all of which are documented and carry commercial interest rates applicable to the currency and term of the loans.

All amounts receivable and payable by controlled entities and any interest thereon are eliminated on consolidation.

**2. Associated Entities**

Dividends and interest received from associated companies listed in Note 31 are disclosed in Note 2.

Amounts receivable from associated companies disclosed in Note 5 are primarily current account amounts in respect of outstanding dividends and interest. No interest is charged on these amounts.

Loans to associated companies in the UK as disclosed in Note 9 are of a long term nature and carry commercial rates of interest.

Amounts payable to associated companies, as disclosed in Note 14, are not interest bearing, however, these amounts are not material to the economic entity.

Chep USA operates as a partnership. Brambles Industries, Inc is the economic entity's partner in the venture, particulars of which are disclosed in Note 9.

**3. Directors**

Details of the directors of the chief entity who served during the year are included in the Directors' report.

Remuneration of directors is set out in Note 30.

During the year an interest free loan of \$0.003 million was provided to S. Ellena and D Schindler repaid his loan from last year in full (\$0.015 million). Both S. Ellena and D. Schindler are executive directors of controlled entities overseas.

The bridging housing loan of \$0.753 million that was guaranteed by Brambles USA Inc for F.M. Guist was repaid during the year and the guarantee was released.

Brambles Industries Limited has a non-interest bearing advance outstanding as at 30 June 1995 of \$4.189 million (1994 \$2.492 million) to Brambles Custodians Pty Limited, the trustee under the Brambles employee loan scheme. The advance is administered by Brambles Custodians Pty Limited to enable employees to acquire shares in the company pursuant to the terms and conditions of the employee loan scheme and approved by shareholders in general meeting on 18 November 1992. Employees who are also directors of controlled entities have outstanding advances included in the above of \$0.506 million as at 30 June 1995 (1994 - \$0.406 million).

Notes to and forming part of the 1995 financial statements

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32. RELATED PARTY INFORMATION (continued)

Acquisitions of shares by directors in any entity of the economic entity by virtue of a transaction with an entity in the economic entity during the financial year:

Ordinary shares at nil consideration: -

P. Le Quere	5 - Ateliers de Joigny S.A.
Ph. Sudreau	1 - Transport Terrestres Maritimes et Fluviaux S.A. 1 - Transport Terrestres Maritimes et Fluviaux Operating S.A.
B. Legoux	1 - France Manutentions Service S.A. 1 - Puma S.A.
A. Claessens	5 - Societe de Transports et Manutentions Industriels S.A. 1 - Eurotainer S.A.
S. Carter	5 - Societe Industrielle d'exploitation des moyens de Transport S.A. 1 - Fostrans S.A. 1 - Entreprise Cochez S.A.
P. Thienpont	2 - Eurotainer S.A.
D. Leclercq	1 - Transport Leclercq et Fils S.A.

In addition, a total of 308 ordinary shares in Brambles Industries Limited were issued to directors of entities in the economic entity under the terms of the share top up offer.

Disposal of ordinary shares by directors in any entity of the economic entity by virtue of a transaction with an entity in the economic entity during the financial year at nil consideration:

J.F. Weerts	5 - Societe Industrielle d'exploitation de moyens de Transport S.A. 5 - Societe de Transports et Manutentions Industriels S.A. 1 - Eurotainer S.A.
Ph. Boucheteil	1 - Fostrans S.A.
Ph. Sudreau	1 - France Manutention Service S.A. 1 - Puma S.A.
A. Counet	1 - Transports Terrestres Maritimes et Fluviaux S.A. 1 - Transports Terrestres Maritimes et Fluviaux Operating S.A.
M. Schleich	2 - Eurotainer S.A.

In addition, H. Thoumyre sold 323 ordinary shares and Ph. Boucheteil sold 114 ordinary shares in Societe Industrielle d'exploitation de moyens de Transport S.A. as part of the compulsory acquisition of minorities for which a total of \$0.077 million was received by them.

Issue of options over ordinary shares in Brambles Industries Limited in terms of the employee option plans during the financial year:

To directors of the chief entity - Nil (1994 - 535,760)  
To directors of controlled entities - 170,000 (1994 - 857,674)

Exercise of options over ordinary shares in Brambles Industries Limited in terms of the employee option plans during the financial year:

By directors of the chief entity - 73,552 (1994 - 45,896)  
By directors of controlled entities - 71,952 (1994 - 142,596)

Notes to and forming part of the 1995 financial statements

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32. RELATED PARTY INFORMATION (continued)

The aggregate number of ordinary shares held by directors and their director related entities as at 30 June 1995 in Brambles Industries Limited:

By directors of the chief entity and their director related entities - 301,686 (1994 - 286,729)

By directors of controlled entities and their director related entities - 132,530 (1994 - 174,327)

The aggregate number of ordinary shares held by directors of controlled entities overseas as at 30 June 1995 in controlled entities:

Ateliers de Joigny S.A. - 50 shares

Transports Terrestres Maritimes et Fluviaux S.A. - 3 shares

Fostrans S.A. - 3 shares

Sociedad de Almacenaje y Transportes S.A. - 1 share

Transports Terrestres Maritimes et Fluviaux Operating S.A. - 2 shares

Societe Industrielle d'exploitation des moyens de Transport S.A. - 15 shares

Societe de Transports et Manutentions Industriels S.A. - 15 shares.

Entreprise Cochez S.A. - 3 shares

Eurotainer S.A. - 4 shares

Societe de Gerance de Materiel Ferroviaire S.A. - 1 share

Etablissements Henry Loyez S.A. - 1 share

France Manutention Service S.A. - 2 shares

Puma S.A. - 2 shares

Seroul Transports S.A. - 4 shares

Transport Leclercq et Fils S.A. - 2 share

Dividends received in respect of these shares total nil (1994 - \$0.001 million).

The aggregate number of options over ordinary shares in Brambles Industries Limited held by directors and their director related entities as at 30 June 1995:

By directors of the chief entity - 637,576 (1994 - 724,632)

By directors of controlled entities - 1,187,820 (1994 - 1,182,632)

Dividends received from Brambles Industries Limited in respect of shares held at the relevant times by directors of the chief entity and directors of controlled entities totalled \$0.312 million (1994 - \$0.272 million).

Since the end of the financial year, no options over ordinary shares in Brambles Industries Limited have been issued under the terms of the employee option plans.

H King, R Helman and G Glover are partners in legal firms and are non-executive directors of controlled entities. Amounts paid for legal services to the respective firms in 1995 were \$0.788 million (1994 - \$0.162 million), \$0.725 million (1994 - \$0.904 million) and \$0.013 million (1994 - \$0.263 million).

I Pollard, a non-executive director of a related entity was paid a consulting fee of \$0.015 million in 1995 (1994 - \$0.012 million).

A director related entity of R. Zimmermann, an executive director of a controlled entity overseas, was paid \$0.329 million for computer equipment and software purchases plus support service contracts.

The directors of the chief entity have advised their directorships in other companies and by virtue of these directorships may have an interest in any contract which an entity within the economic entity may enter into with these other companies.

Other transactions entered into during the year with directors of the chief entity or its controlled entities or with their director 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 and contracts of employment and reimbursement of expenses. Any other transactions were trivial or domestic in nature.

**33. EMPLOYEE OPTION PLANS**

Issues under the Brambles Employee Option Plans are at the sole discretion of the directors of the chief entity. The plans potentially cover all employees in the economic entity except where precluded by local laws overseas.

Generally, employees are required to have two or more years of full time employment before an offer is made. The number of options offered varies but all are issued at an exercise price equal to the market price at the time of the offer. The options are for five years with a minimum two years prior to a proportionate exercise entitlement. Terminated employees may exercise within 60 days of termination date.

The options are recognised in the accounts of the chief entity when exercised.

Further details as to options issued and exercised appear elsewhere in this report.

**34. FINANCIAL INSTRUMENTS**

**Derivatives**

The economic entity enters into various financial derivative transactions to control and manage financial risks which arise from its domestic and international operations. The use of derivative instruments is restricted to situations where the economic entity hedges underlying physical or translation exposure relating to the movement in exchange rates and interest rates. The economic entity does not enter into derivative contracts for speculative or trading purposes.

**Foreign Exchange Risk Management**

The economic entity enters into forward foreign exchange contracts to hedge currency exposures arising from normal commercial transactions involving the purchase of equipment and services, intercompany cross currency loans and the translation of the net assets of overseas businesses. Forward foreign exchange contracts are also used to protect the results of controlled entities overseas when translated into Australian dollars for consolidation.

As at the end of the financial year the notional amount outstanding on open forward foreign exchange contracts was A\$185.6 million (1994 - A\$159.5 million) and were predominantly forward sales contracts in US dollars and major European currencies.

**Interest Rate Risk Management**

The economic entity enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve a more stable and predictable interest expense result.

The instruments primarily used are interest rate swaps where a variable rate is effectively converted into a fixed rate and interest rate options where a premium is paid to set a ceiling or cap on the interest rate charged.

Notes to and forming part of the 1995 financial statements

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Of interest bearing debt the economic entity has the following rate profile.

	1995		Book Value 1994	
	\$'Millions	%	\$'Millions	%
Variable rate debt	435.6	43.8	322.5	43.7
Fixed rate debt via swap/cap	508.8	51.2	318.3	43.1
Fixed rate debt	<u>49.2</u>	<u>5.0</u>	<u>97.5</u>	<u>13.2</u>
Total	<u>993.6</u>	<u>100.0</u>	<u>738.3</u>	<u>100.0</u>

**Credit Exposure**

A significant portion of the economic entity's transactions in financial instruments are held against prime rated international banks who in turn provide long term borrowing facilities to the economic entity. In many cases derivative contracts are matched against underlying loan obligations to the same institution. The economic entity controls the credit risk associated with these instruments through monitoring procedures and formal credit reviews. These factors assist with the mitigation of credit exposure.

**Fair Value of Financial Instruments**

The accounts of the economic entity disclose financial instruments at their face/book value.

In the case of 'current' financial instruments (cash, accounts receivable/payable and short term borrowings) the book value fairly represents the fair or market value of the items due to the proximity to maturity date.

In the case of non-current borrowings the economic entity intends to hold these until maturity and thus the book value equals the face value of the borrowing. Where borrowings have a fixed or capped rate of interest the market value of the debt varies accordingly.

Value	Book Value	Market
	\$'Millions	\$'Millions
Non-current fixed rate debt		
1995	556.9	561.3
1994	415.8	411.9

In addition to the above, the forward foreign exchange contracts outstanding at year end have been revalued to 30 June 1995 rates and the exchange variances booked appropriately. This gives rise to an unrealised cash settlement amount owing to or by the counterparties (prime rated banks) which for 1995 is \$2.0 million owing by the banks (1994 - \$4.3 million owing by the banks).

Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.	
		1995	1994	1995	1994	1995	1994
		%	%	\$Mill	\$Mill	\$'000	\$'000
Brambles Industries Limited	Australia					11,427	5,172
Shares in controlled entities not listed on stock exchange							
AUT Pty. Limited	Australia	100	100	46.1	46.1	-	-
AUT Nominees Pty. Limited	Australia	100	100	#	#	-	-
United Transport Holdings Australia Pty. Limited	Australia	100	100	2.4	2.4	63	88
Australian Cargo Enterprises Pty. Limited	Australia	100	100	#	#	-	-
Express Freight Proprietary Limited	Australia	100	100	#	#	-	-
STU Pty. Limited	Australia	100	100	0.1	0.1	127	74
Brambles United Tankers Pty. Limited	Australia	100	100	1.4	1.4	386	16
United Tanker Services Pty. Limited	Australia	100	100	0.2	0.2	48	37
UTWA Pty. Limited	Australia	100	100	2.3	1.9	528	350
Brambles Asia Pte Limited*	Singapore	100	100	2.8	1.3	(1,521)	(392)
Brambles Australasia Limited (formerly Fitzroy Stevedoring Pty Limited)	Australia	100	100	0.1	0.1	-	-
Brambles Australia Limited	Australia	100	100	2.0	2.0	91,206	84,903
Previnter Pty Limited (formerly Intershred Pty. Limited)	Australia	100	100	0.9	0.9	347	402
Wreckair Proprietary Limited	Australia	100	100	31.0	31.0	8,475	4,238
Bass Industrial Group Pty. Limited	Australia	100	100	1.3	1.5	18	63
Digger Industrial Group Pty. Limited	Australia	100	100	#	0.4	-	-
Jenkin Plant Hire Pty. Limited	Australia	100	100	0.1	0.6	-	2

Brambles Canada Inc.*	Canada	100	100	9.7	9.5	19	475
Brambles CWS Pty. Limited	Australia	100	100	0.4	0.4	-	(4)
Brambles Enterprises Limited	Australia	100	100	0.3	0.3	-	-
Brambles Finance Pty Limited	Australia	100	100	#	#	-	-
Brambles (Hong Kong) Limited*	Hong Kong	100	100	#	#	-	-
Brambles Industries (N.Z.) Limited ·	New Zealand	100	100	5.5	5.5	-	(4)
Brambles New Zealand Limited · (formerly Brambles Records Management)(iv)	New Zealand	100	100	4.8	#	1,873	(209)
Brambles Nominees (N.Z.) Limited · (in liquidation)	New Zealand	100	100	-	-	-	-

# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.		
		1995	1994	1995	1994	1995	1994	
		%	%	\$Mill	\$Mill	\$'000	\$'000	
Brambles International Finance B.V.*	Netherlands	100	100	97.3	97.3	1,882	1,137	
Brambles Investments Europe B.V.*	Netherlands	100	100	30.1	25.6	16,774	9,373	
Brambles Czech Republic SRO*	Czech Republic	100	100	1.0	#	43	(78)	
Brambles Iberica S.A.*	Spain	100	100	2.1	1.8	(56)	(29)	
C.A.I.B. EVA Nederland B.V.*	Netherlands	100	100	1.4	1.2	(450)	(700)	
4.3	661	1,719		Lastra Breda B.V.*	Netherlands	100	100	5.1
Econofreight A.S.*	Norway	100	100	1.9	1.6	233	(458)	
C.A.I.B. Transportmiddelen B.V.*	Netherlands	100	100	0.8	0.7	11	7	
Cargotainer B.V.*	Netherlands	100	100	#	#	(4)	8	
Groupe C.A.I.B.-Auxifer S.A.*	Switzerland	100	100	110.7	94.1	(463)	(893)	
(6,823)	Brambles Holdings Deutschland GmbH*	Germany	100	100	15.9	13.4	(8,424)	
GmbH*	Cargotainer Internationale Fachspedition	Germany	100	100	1.0	0.9	119	(310)
Eisenbahn-Verkehrsmittel GmbH*	Germany	100	100	116.7	99.3	19,937	14,290	
Fur Transport und Lagerung*	Eisenbahn-Verkehrsmittel Aktiengesellschaft	Germany	98.4	98.4	132.2	112.5	(2,343)	(2,573)
Kontinentale Oeltransport A.G.*	Germany	98.4	98.4	4.4	3.8	3,098	4,060	
N.V. CAIB Belgium S.A.*	Belgium	100	100	4.6	3.9	2,400	1,649	
Anstalt GmbH *	Oesterreichische Eisenbahn-Verkehrs-	Austria	100	100	5.4	4.6	3,840	3,782
Waggon-Reparaturwerkstaette Deutsch-Wagram GmbH*	Austria	100	100	0.3	0.3	58	(1,197)	
Sogefa-Waggonvermietung GmbH*	Germany	100	100	0.6	0.5	23	54	
Etra Eisenbahn-Transportmittel A.G.*	Switzerland	100	100	13.1	11.0	2,242	2,066	
1,105	Etra Eisenbahn-Transportmittel GmbH*	Austria	100	100	-	-	-	1
Hebevorrichtungen GmbH *	Austria	100	100	-	6.1	(329)	1,103	
NILO Transport Service B.V.*	Netherlands	100	-	15.5	-	(989)	-	

des moyens de Transport S.A.*	France	100	98.1	68.6	54.4	1,842	(3,191)
Ateliers de Joigny S.A.*	France	100	98.1	0.9	0.8	205	(280)
Brambles Italia Srl*	Italy	100	98.1	3.2	2.8	(895)	(90)
Etablissements Georges Seroul S.A.*	France	100	98.1	19.9	17.3	636	424

# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.	
		1995	1994	1995	1994	1995	1994
		%	%	\$Mill	\$Mill	\$'000	\$'000
Seroul Transports S.A.*	France	100	98.1	2.5	2.1	(477)	745
Transports Generals Penyafort S.A.*	Spain	55	54	0.4	0.3	290	151
Transports Leclercq et Fils S.A.*	France	100	98.1	2.8	2.4	359	231
Fostrans S.A.*	France	100	98.1	18.4	16.0	(2,057)	(7,324)
Entreprise Cochez S.A.*	France	100	98.1	17.3	15.1	(1,976)	(8,542)
N.V. Lastra Belgium S.A.*	Belgium	100	98.1	8.0	3.5	(425)	(485)
N.V. Devos de Buck S.A.*	Belgium	100	98.1	8.8	7.5	1,471	(2,317)
France Manutention Service S.A.*	France	100	98.1	21.2	18.5	434	1,095
Puma S.A.*	France	100	98.1	-	-	979	(192)
Railcar Services Sarl*	France	100	98.1	1.2	1.0	435	6
Societe de Gerance de Materiel Ferroviaire S.A.*	France	100	98.1	3.2	2.8	345	657
Etablissements Henry Loyez S.A.*	France	100	98.1	0.8	0.7	256	86
Sociedad de Almacenaje y Transportes S.A.*	Spain	100	98.1	6.5	5.9	(203)	1,472
S.A.*	Manipulaciones Especiales y Transportes Spain	66.7	65.4	8.1	4.9	112	96
Industriels S.A.*	Societe de Transports et Manutentions France	100	97.5	118.3	102.2	14,430	10,433
Eurotainer S.A.*	France	66.7	65.0	3.4	2.9	(556)	(379)
Eurotainer Asia Pte. Limited*	Singapore	66.7	65.0	0.1	0.1	(35)	(44)
Eurotainer (Deutschland) GmbH*	Germany	66.7	65.0	#	#	(134)	258
Eurotainer U.S. Inc.*	USA	66.7	65.0	0.1	0.1	159	399
Fluviaux S.A.*	Transports Terrestres Maritimes et France	100	98.1	16.5	14.4	(1,894)	(1,213)
Fluviaux Operating S.A.(formerly Cositraf S.A.)*	Transports Terrestres Maritimes et France	100	98.1	7.2	2.0	248	254
N.V. CITA S.A.*	Belgium	100	99.1	0.1	0.1	3	3
CITA Nederland B.V.*	Netherlands	100	99.1	0.2	0.1	(4)	67
Deutsche CITA GmbH*	Germany	100	99.1	0.1	0.1	150	210
Trasporti Seroul Srl*	Italy	100	100	0.3	0.3	(5)	(79)

(124)	Brambles International Freight Pty. Limited	Australia	100	100	2.2	2.2	(6)
	Movements International Pty. Limited Australia	100	100	0.2	0.2	25	27

# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.	
		1995	1994	1995	1994	1995	1994
		%	%	\$Mill	\$Mill	\$'000	\$'000
Brambles (Malaysia) Sendirian Berhad*	Malaysia	100	100	2.8	#	(1,184)	(63)
Chep Asia Sendirian Berhad*.	Malaysia	100	-	#	-	-	-
Brambles Management Pty. Limited	Australia	100	100	#	#	-	-
Brambles Marine Services Pty. Limited	Australia	100	100	100	3.3	3.3	-
-							
J. Fenwick & Co. (Hay Point) Pty. Limited	Australia	100	100	100	#	#	-
-							
J. Fenwick & Co. Pty. Limited	Australia	100	100	0.6	0.6	9,593	3,692
J. Fenwick & Co. (Newcastle) Pty. Limited	Australia	100	100	100	0.1	0.1	-
391							
North Western Shipping and Towage Company Pty. Limited	Australia	100	100	#	#	1,944	1,353
Max Creese Pty. Limited	Australia	100	100	#	#	11	9
Saladin Pty. Limited	Australia	100	100	0.1	0.1	-	-
Brambles Investments Plc*	UK	100	100	0.1	0.1	9	6
Brambles Mexico S.A. de C.V.*	Mexico	100	100	0.9	0.4	(12)	(44)
Brambles Pension Trustee Limited*	UK	100	100	#	#	-	-
Brambles P.N.G. Pty. Ltd.*	P.N.G.	100	100	#	#	-	-
Brambles Security Services Limited	Australia	100	100	1.5	1.5	1,703	1,650
Brambles Security Holdings Limited	Australia	100	100	#	#	-	-
Brambles UK Limited*	UK	100	100	50.0	50.0	3,926	8,032
Brambles Europe Limited*	UK	100	100	131.7	8.9	13,912	9,828
Brambles Securities Plc*	UK	100	100	0.8	0.7	9	(3)
Brambles Security Services UK Limited*	UK	100	100	0.6	0.6	85	(60)
C.A.I.B. UK Limited*	UK	100	100	36.0	34.1	(784)	(354)
Cargotainer Limited*	UK	100	100	#	#	-	-
Marcroft Engineering Ltd.*	UK	100	100	#	#	-	-
Grainflow Ltd.*	UK	100	100	#	#	-	-

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Polybulk Ltd.*	UK	100	100	0.1	0.1	-	-
Pro-Security Service Limited*	UK	100	100	-	-	-	-

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# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.	
		1995	1994	1995	1994	1995	1994
		%	%	\$Mill	\$Mill	\$'000	\$'000
Storage & Transport System Limited*	UK	100	100	#	#	-	-
T.M.G. Limited*	UK	100	100	0.2	0.2	-	-
Lastra Britain Limited*	UK	100	100	-	-	-	-
Lastra GmbH*	Germany	100	100	-	-	-	361
Lastra Iberica S.A.*	Spain	100	100	0.2	0.2	81	97
Traffic Services Limited*	UK	100	100	#	#	-	-
Econfreight Heavy Transport Limited*	UK	100	100	6.9	6.3	5,410	1,841
Railcar Services Limited*	UK	100	100	#	#	-	-
Wagon Repairs Limited*	UK	100	100	#	#	-	-
Security Archives Limited *	UK	100	100	42.2	40.1	-	-
Brambles Records Management Limited *	UK	100	100	1.5	1.5	1,904	(7,993)
Sunter Bros Limited*	UK	100	100	#	#	-	-
Wrekin Roadways Limited*	UK	100	100	#	#	-	-
Wynns Heavy Haulage Limited*	UK	100	100	#	#	-	-
Brambles USA, Inc.*	USA	100	100	201.0	295.1	(4,980)	(20,846)
Brambles Equipment Services, Inc.* USA	USA	100	100	11.7	11.5	2,165	2,357
Pafur, Inc. *	USA	100	100	#	#	-	-
Pafur, Inc. *	USA	100	100	#	#	-	-
Skyreach Project Investment Group, Inc.*	USA	100	100	100	#	#	-
-							
Brambles Industries, Inc.*	USA	100	100	108.7	74.8	207	(4,969)
Brambles Information Management, Inc. (formerly Brambles Records Management, Inc)*	USA	100	100	4.1	4.0	-	-
Brambles CRC, Inc.*	USA	100	100	0.3	0.3	(80)	103
Brambles DVS, Inc.*	USA	100	100	0.3	0.3	14	169
Brambles NSD, Inc.*	USA	100	100	0.4	0.4	266	198

Data Safe Services Corporation*	USA	100	-	#	-	127	-
Data Safe Storage, Inc.*	USA	100	100	#	#	197	4
The Vault Company*	USA	100	100	3.1	3.1	518	436
Health Information Services, Inc.*	USA	100	100	#	#	153	138

# Denotes less than \$50,000

Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.	
		1995	1994	1995	1994	1995	1994
		%	%	\$Mill	\$Mill	\$'000	\$'000
TVC Acquisition Corporation One *	USA	100	100	#	#	266	257
Brambles Security Services, Inc.*	USA	100	100	#	#	1,111	655
Brambles Security Transport, Inc.*	USA	100	100	#	#	61	(172)
Brambles Waste Services, Inc.*	USA	100	100	393.8	380.7	(569)	34
Atlantic Waste Disposal, Inc.*	USA	100	100	15.2	10.7	(3,360)	(347)
Atlantic of New York, Inc.*	USA	100	100	#	#	-	-
Atlantic Transportation Services, Inc.*	USA	100	100	#	#	-	-
Resource Products Inc.*	USA	100	-	#	-	-	-
Brambles California, Inc.*	USA	100	100	#	#	(81)(36)	
Environmental Systems Company*	USA	100	100	380.9	372.2	(5,916)	(3,826)
Ensco Environmental Services, Inc.*	USA	100	100	24.5	23.9	(7)	(3)
Ensco Environmental Services of Georgia, Inc.*	USA	100	100	0.1	0.1	233	(384)
Ensco, Inc.*	USA	100	100	0.3	0.3	(101,319)	(344,750)
Ensco Incineration Services, Inc.*	USA	100	100	#	#	-	-
Ensco International Services Inc.*	USA	100	100	#	#	-	-
Ensco Technical Services, Inc.*	USA	100	100	#	#	168	94
Ensco West, Inc.*	USA	100	100	4.2	4.1	(1,579)	(612)
EWI Holdings, Inc.*	USA	100	100	#	#	-	-
Mebeco, Inc.*	USA	100	100	#	#	-	-
Waste Converters, Inc.*	USA	100	100	#	#	1,133	1,210
Waste Recovery, Inc.*	USA	100	100	#	#	-	-
Cleanaway USA, Inc.*	USA	100	100	#	#	-	-
C.E. Miller & Co. Pty. Limited	Australia	100	100	1.0	1.0	4	5

Chep Handling Systems (Singapore) Pte.Limited*	Singapore	100	100	#	#	-	-
————— Chep International Services Limited*	Cayman	100	100	#	#	2,882	315
————— Chep (Properties) Pty. Limited	Australia	100	100	1.6	1.6	-	-
————— Cleanaway Queensland Pty. Limited	Australia	100	100	0.1	0.1	-	-
————— Cleanaway Taiwan Limited*	Taiwan	86	83.5	7.4	5.8	551	(1,030)
————— Dowling Dacey & Co. Pty Limited	Australia	100	100	#	#	-	-

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Notes to and forming part of the 1995 financial statements

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

	Place of incorporation	Percentage interest held by the economic entity		Book value of investments in controlled entities.		Contribution to the consolidated operating profit/ (loss) available to members of the chief entity.	
		1995	1994	1995	1994	1995	1994
		%	%	\$Mill	\$Mill	\$'000	\$'000
Grace International Removals Limited*	UK	100		100	#	#	-
-							
Grace (Tasmania) Pty. Limited	Australia	100	100	0.1	0.1	8	5
Grace (W.A.) Pty. Limited	Australia	100	100	0.2	0.2	12	5
John Mitchell & Sons Pty. Limited	Australia	100	100	0.9	0.9	(46)	-
Madlong (Carriers) Pty. Limited	Australia	100	100	#	#	12	33
Manford Property Services Pty. Limited	Australia	100	100	100	0.5	0.5	364
105							
N.V. Brambles Europe S.A.*	Belgium	100	100	#	#	1,206	1,983
Offshore Support Services Pty. Limited	Australia	100	100	100	#	#	21
-							
Tidewater Chartering Pty. Limited •	Australia	50.1	50.1	#	#	-	-
Tidewater Port Jackson Marine Pty. Limited •	Australia	50.1	50.1	0.2	0.1	2,712	1,667
TPJM Nominees Limited •	Vanuatu	50.1	50.1	#	#	(39)	56
Port Hunter Stevedoring Pty. Limited	Australia	100	100	#	#	-	-
Pressure Tankers Pty. Limited	Australia	100	100	1.0	1.0	150	50
The Port Jackson and Manly Steamship Company Pty. Limited	Australia	100	100	1.1	1.1	-	-
Transurety Australia Limited	Australia	100	100	0.7	0.7	59	59
Vaughan Transport (Aust.) Pty. Limited	Australia	100	100	100	0.4	0.4	48
39							
VLE Supply Pty. Limited	Australia	100	100	7.3	8.8	(616)	148
Wreckair Industrial Sales Pty. Ltd.	Australia	100	100	#	#	26	22
Controlled entities liquidated/sold							(14)

# Denotes less than \$50,000

\* Audited by overseas associated firms of Deloitte Touche Tohmatsu.

• Audited by firms other than Deloitte Touche Tohmatsu.

(i) All controlled entities in which the chief entity has a direct shareholding have only ordinary shares on issue.

(ii) The business of each company incorporated within Australia is carried on within Australia.

(iii) The business of each company incorporated outside Australia is predominantly carried on in the country of incorporation.

(iv) The controlled entities in New Zealand were merged into Brambles New Zealand Limited during the year.

**STATEMENT BY DIRECTORS AND AUDITORS' REPORT**

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**STATEMENT BY DIRECTORS**

In the opinion of the directors:

- (i) the profit and loss account of Brambles Industries Limited gives a true and fair view of the company's result for the financial year ended 30 June 1995;
- (ii) the balance sheet of Brambles Industries Limited gives a true and fair view of the company's state of affairs as at 30 June 1995;
- (iii) at the date of this statement there are reasonable grounds to believe that Brambles Industries Limited will be able to pay its debts as and when they fall due; and
- (iv) the consolidated accounts:
  - (a) have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
  - (b) in particular, give a true and fair view of the matters with which they deal.

Signed this 25th day of September 1995 in accordance with a resolution of the directors of Brambles Industries Limited.

A. W COATES

J.E. FLETCHER

**STATEMENT BY DIRECTORS AND AUDITORS' REPORT continued**

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BRAMBLES INDUSTRIES LIMITED**

**Scope**

We have audited the financial statements of Brambles Industries Limited for the financial year ended 30 June 1995 as set out on pages 27 to 76. The financial statements include the consolidated accounts of the economic entity comprising the Company and the entities it controlled at year's end or from time to time during the financial year. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian accounting standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the economic entity's financial position, the results of their operations and their cash flows.

The names of the entities controlled during all or part of, or at the end of, the financial year of which we have not acted as auditors are set out in Note 35. We have, however, received sufficient information and explanations concerning those controlled entities to enable us to form an opinion on the consolidated accounts.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the financial statements of Brambles Industries Limited are properly drawn up:

- (a) so as to give a true and fair view of:
  - (i) the state of affairs as at 30 June 1995 and of the results and cash flows for the financial year ended on that date of the Company and the economic entity; and
  - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

DELOITTE TOUCHE TOHMATSU  
Chartered Accountants

A.E. GORDON, Partner

Sydney

Date: 25 September 1995

**STOCK EXCHANGE**

Official listing requirements  
Statement as at 18 September 1995

Ordinary  
shares  
of 50 cents

(i)	Substantial Shareholder Morgan Stanley Asset Management Limited	15,446,100
(ii)	Number of holders	24,358
(iii)	Voting rights Brambles Industries Limited's Articles of Association provide that on a show of hands every person present who is a member or who holds a proxy or a power of attorney from or is a representative of a member has one vote and on a poll every member present in person or by proxy or attorney and every person present who is a representative of a member has one vote for each share held or represented as the case may be.	
(iv)	Distribution schedule of holdings	
	1 - 1,000	14,284
	1,001 - 5,000	8,061
	5,001 - 10,000	1,145
	10,001 and over	868
	Holdings less than a marketable parcel	387
(v)	Percentage of total holdings of the 20 largest holders	62.05%

% of  
Issued  
Capital

Twenty largest holders of ordinary shares:

ANZ Nominees Limited	26,995,204	12.31
Westpac Custodian Nominees Limited	26,024,832	11.87
National Nominees Limited	19,152,160	8.73
Chase Manhattan Nominees Limited	14,633,723	6.67
State Authorities Superannuation Board	5,543,457	2.53
Citicorp Nominees Pty Limited	5,162,354	2.35
Queensland Investment Corporation	4,883,100	2.23
Pendal Nominees Pty Limited	4,601,960	2.10
Australian Mutual Provident Society	4,180,261	1.91
MLC Life Limited	3,737,991	1.70
The Prudential Assurance Co. Limited	2,915,574	1.33
Perpetual Trustees Nominees Limited	2,872,171	1.31
Permanent Trustee Australia Limited	2,475,898	1.13
Zurich Australian Life Insurance Limited	2,268,824	1.03
NRMA Investments Pty Limited	2,107,400	0.96
National Mutual Trustees Limited	2,010,145	0.92
GIO Personal Investment Services Limited	1,745,600	0.80
Commonwealth Superannuation Board of Trustees	1,699,730	0.77
Perpetual Trustee Company Limited	1,656,313	0.76
Barclays Australian Custodians Services Limited	1,397,042	0.64

**Listing**

Brambles Industries Limited's ordinary shares are quoted by the Australian Stock Exchange Limited.