

Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

39 Disclosure cross references

The statement of financial position, statement of financial performance, statement of cash flows on pages 70 to 72 and the accompanying notes 1 to 38 present pro forma 12 month comparative information for the year ended 30 June 2002. The notes to the combined financial statements for the comparative period from the date of implementation of the DLC Structure being 7 August 2001, to 30 June 2002 which are the same as those disclosed for the comparative period in the pro forma combined financial statements have not been repeated. These relate primarily to the combined statement of financial position and are referenced on that statement. Additional references are as follows:

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ASIC order for relief from requirement to prepare consolidated financial statements	1
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Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

40 Profit from ordinary activities

	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
The following items have been recognised in the statement of financial performance:		
Revenue		
Revenue from operating activities	7,917	7,703
Dividends received/receivable from other corporations	1	1
Interest received/receivable from:		
– Associates	1	1
– Other corporations	15	12
Sundry non-trading revenue	61	47
Proceeds from sale of non-current assets	221	1,226
Total non-trading revenue	299	1,287
Total revenue from ordinary activities	8,216	8,990
Other net gains		
Share of net profits of associates and joint ventures accounted for using the equity method	18	17
Net profit on disposal of businesses and non-current assets:		
– Businesses	1	94
– Property, plant and equipment	3	21
Expenses		
Expenses from ordinary activities excluding borrowing costs comprise:		
Service suppliers:		
– Transport	860	900
– Repairs and maintenance	460	445
– Disposal costs	338	294
– Subcontractors and other service suppliers	1,174	1,303
Employment costs	2,028	2,003
Depreciation and amortisation excluding amortisation of goodwill	863	866
Raw materials and consumables	732	662
Occupancy	287	281
Goodwill amortisation	111	87
Other	419	64
Net book value of assets and businesses sold	217	1,111
Total	7,489	8,016
Borrowing costs paid/payable to:		
– Other unrelated persons	234	250
– Finance charges on capitalised leases	3	2
– Borrowing costs capitalised	–	(9)
	237	243
Bad debts provided for and written off:		
– Trade debtors	26	28
– Other debtors	3	2
	29	30
Amortisation of:		
– Goodwill	111	87
– Leased assets capitalised	4	6
– Leasehold improvements	9	7
– Deferred expenditure	4	6
Depreciation of property, plant and equipment	846	847
Hire equipment loss provision expense	43	80
Writedown of non-current assets to recoverable amount	64	47
Amounts transferred to/(from) provision for:		
– Employee entitlements	107	68
– Closedown and rationalisation	8	40
– Entity disposals	51	–
– Other	18	14
Minimum lease payments for operating leases in respect of occupancy and plant	236	231
Net foreign currency exchange gain	–	3

41 Earnings per share

	2003	Period 7 August 2001 to 30 June 2002
Earnings per share for 2003 is based on the earnings for the year of A\$330 million (2002: A\$496 million).		
Basic earnings per share (cents)	19.5	29.4
Diluted earnings per share (cents)	19.5	29.3
Weighted average number of ordinary shares used in the calculation of basic earnings per share (millions)	1,690.6	1,687.0
Share options (millions)	0.3	3.3
Weighted average number of potential ordinary shares used in the calculation of dilutive earnings per share (millions)	1,690.9	1,690.3

42 Income tax

	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
Income tax expense		
Profit from ordinary activities before income tax	508	748
Prima facie income tax expense calculated at 30%	152	224
Increase/(decrease) in tax expense due to:		
– Non-taxable dividends	(1)	(1)
– Equity accounted net profits of joint ventures and associates	(6)	(5)
– Goodwill amortisation	22	23
– Overseas tax rate differential	3	17
– Non-taxable profit on sale of assets	(7)	(7)
– DLC costs	–	2
– Under/(over) provision in respect of prior years	10	(3)
– Current year losses not recognised	7	(9)
– Prior year tax losses recouped	(3)	–
– Restatement of deferred tax balances due to income tax rate changes	–	2
– Other	(2)	7
Income tax expense	175	250
Total income tax expense comprises:		
– Current income tax expense	196	275
– Increase in deferred tax liabilities	14	9
– Increase in deferred tax assets	(45)	(31)
– Under/(over) provision in respect of prior years:		
• Current income tax	(7)	–
• Deferred tax	17	(3)
	175	250
Movements in deferred tax comprise:		
Temporary differences:		
– Depreciation	82	86
– Provisions	2	(13)
– Other	(27)	(5)
Tax losses	(71)	(93)
	(14)	(25)

Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

43 Equity

	2003 A\$ millions	2002 A\$ millions
Total equity		
Balance at beginning of period	3,274	2,980
Net effect of changes on adoption of AASB1044: Provisions and Contingencies	167	–
Total changes in equity recognised in the Statement of Financial Performance	150	595
Transactions with owners as owners:		
– Contributed equity	4	44
– Dividends	(336)	(334)
Total changes in outside equity interests	(1)	(11)
Balance at end of year	<u>3,258</u>	<u>3,274</u>

44 Reserves and retained profits

	General reserve A\$ millions	Merger reserve A\$ millions	Foreign currency translation reserve A\$ millions	Total reserves A\$ millions	Retained profits A\$ millions
2003					
Balance at 30 June 2002	66	224	237	527	1,303
Net effect of changes on adoption of:					
– AASB1044: Provisions and Contingencies	–	–	–	–	167
– AASB1012: Foreign Currency Translation	–	–	(19)	(19)	19
Profit for the period attributable to members	–	–	–	–	330
Prior year final dividend	–	–	–	–	(167)
Interim dividend	–	–	–	–	(169)
Transfer from reserves	(66)	–	(134)	(200)	200
Exchange fluctuations arising on translation of financial statements	–	(21)	(137)	(158)	–
Balance at 30 June 2003	<u>–</u>	<u>203</u>	<u>(53)</u>	<u>150</u>	<u>1,683</u>
2002					
Balance at 7 August 2001	66	230	128	424	1,141
Profit for the period attributable to members	–	–	–	–	496
Interim dividend	–	–	–	–	(167)
Proposed final dividend	–	–	–	–	(167)
Exchange fluctuations arising on translation of financial statements	–	(6)	109	103	–
Balance at 30 June 2002	<u>66</u>	<u>224</u>	<u>237</u>	<u>527</u>	<u>1,303</u>

45 Segment report

Brambles' activities are structured along global business lines. The material business segments are Pallet and Container Pooling (CHEP), Waste Management (Cleanaway), Information Management (Recall) and Brambles Industrial Services. The Regional Businesses segment comprises Interlake, TCR and Eurotainer.

The divestment program was initially announced during 2001 and continued through 2003.

The 'Discontinued' businesses are Rail Division, Equipment Division, Specialised Transport, Jardine and North West Shipping, Gardner Perrott, Shipping, FM Repairs and Maintenance, Heavy Contracting and Meineke. Some elements of revenues and profit from ordinary activities arising from disposals are subject to finalisation of completion accounts.

The revenue and profit for the year of the discontinued businesses is shown below. Expenses, being the difference between these items, are A\$280 million (2002: A\$1,832 million). Income tax expense attributable to discontinued businesses for the year was A\$16 million (2002: A\$15 million). Operating cash flow is materially represented by profit and depreciation totalling a net inflow for the year of A\$33 million (2002: A\$196 million) which is reduced by investing in capital expenditure of A\$9 million (2002: A\$59 million). Discontinued businesses had no material financing activities.

To enable meaningful comparison, the business segmentation for 2003 has been prepared to reflect discontinued operations. The comparatives for 2002 have been amended accordingly.

	Total revenue		Profit from ordinary activities		Depreciation and amortisation	
	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
Business Segments						
CHEP	3,556	3,143	530	494	526	469
Cleanaway	2,491	2,188	210	200	235	188
Recall	697	586	90	66	80	67
Brambles Industrial Services	837	730	63	62	94	83
Regional Businesses	314	422	4	20	30	32
Total continuing businesses	7,895	7,069	897	842	965	839
Discontinued	305	1,909	25	77	7	119
	8,200	8,978	922	919	972	958
Administration and other unallocated items	16	12	(42)	(29)	2	–
	8,216	8,990	880	890	974	958
Net interest			(221)	(230)		
Significant items (Note 7)			(151)	88		
Profit from ordinary activities before tax			508	748		
Income tax relating to ordinary activities			(175)	(250)		
Profit from ordinary activities after related income tax expense			333	498		

Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

45 Segment report continued

	Capital expenditure (including acquisitions)	
	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
Business Segments		
CHEP	901	939
Cleanaway	232	225
Recall	211	116
Brambles Industrial Services	163	84
Regional Businesses	6	24
Total continuing businesses	1,513	1,388
Discontinued	9	59
	1,522	1,447
Unallocated	5	4
Total	1,527	1,451

	Total revenue		Capital expenditure (including acquisitions)	
	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
Geographical Segments				
Europe	4,313	4,734	751	624
Americas	2,371	2,638	603	610
Australia/New Zealand	1,376	1,514	150	175
Rest of the World	156	104	23	42
	8,216	8,990	1,527	1,451

46 Investment in joint ventures and associates

	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
Movement in equity carrying amount of investment in joint ventures and associates		
Carrying amount at beginning of period (excluding loans)	138	136
Share of profits from ordinary activities after income tax	18	17
Dividends received/receivable	(17)	(4)
Other movements including net foreign currency exchange differences on translation of financial statements	(17)	(11)
Carrying amount at end of period (excluding loans)	<u>122</u>	<u>138</u>

Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

47 Statement of cash flows – additional information

	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
(a) Reconciliation of profit from ordinary activities after income tax to net operating cash inflows		
Profit from ordinary activities after tax	333	498
Add back:		
– Depreciation and amortisation	974	953
– Hire equipment loss provision expense	43	–
– Profit on disposal of non-current assets including investments	(4)	(115)
– Share of associate profits not received as dividends	(1)	(13)
– Capitalised interest	8	(10)
– Assets provided for or written off	64	10
Movement in operating assets and liabilities net of acquisitions and disposals		
Increase/(decrease):		
– Payables	(80)	(186)
– Provisions:		
• Tax	(182)	94
• Employee entitlements	36	11
• Other	(42)	36
(Increase)/decrease:		
– Receivables	127	(187)
– Inventories	3	(2)
– Prepayments	(14)	(33)
Net cash inflows from operating activities	<u>1,265</u>	<u>1,056</u>
(b) Acquisitions of entities		
Purchase price	192	108
Deferred settlement	(18)	(43)
Prior year deferred settlement paid	118	–
Cash paid	<u>292</u>	<u>65</u>
Cash held by entities acquired at date of acquisition	(9)	–
Net cash outflow	<u>283</u>	<u>65</u>
Fair value of net assets acquired:		
Current assets:		
– Cash assets	9	–
– Receivables	9	9
– Inventories	3	–
– Other	1	–
Non-current assets:		
– Receivables	–	3
– Property, plant and equipment	48	3
– Other	8	–
Current liabilities:		
– Payables	(29)	(2)
– Interest bearing liabilities	(6)	(1)
Non-current liabilities:		
– Payables	(4)	(2)
– Interest bearing liabilities	(5)	–
– Deferred tax liabilities	(3)	–
Total fair value of assets and liabilities acquired	<u>31</u>	<u>10</u>
Goodwill	161	98
Purchase price	<u>192</u>	<u>108</u>

47 Statement of cash flows – additional information continued

	2003 A\$ millions	Period 7 August 2001 to 30 June 2002 A\$ millions
(c) Disposals of discontinuing operations		
Disposal price	107	1,003
Deferred settlement from prior years – net	3	–
Deferred settlement	(5)	(4)
Deferred disposal costs – net	33	–
Cash received	138	999
Cash held by entities disposed at date of disposal	(3)	(2)
Net cash inflow	135	997
Carrying value of assets and liabilities disposed of:		
Current assets:		
– Cash assets	3	2
– Receivables	39	269
– Inventories	11	45
– Other	8	5
Non-current assets:		
– Receivables	11	2
– Property, plant and equipment	74	788
– Intangibles	10	–
– Other	7	4
Current liabilities:		
– Payables	(31)	(86)
– Other provisions	(9)	(16)
Non-current liabilities:		
– Interest bearing liabilities	(1)	–
– Deferred tax liabilities	(14)	(89)
– Other provisions	(2)	(15)
Total value of asset and liabilities disposed	106	909
Profit on disposal	1	94
Disposal price	107	1,003

48 Directors' and executives' remuneration

	2003 A\$'000	Period 7 August 2001 to 30 June 2002 A\$'000
Remuneration of Directors		
Refer to Remuneration Report on pages 52 to 61 for remuneration of Directors of BIL and BIP.		
Total income paid or payable, or otherwise made available, to Directors including Executives of Brambles	74,714	71,204
Remuneration of Executives		
Total remuneration, including salary, bonus, superannuation, retirement payments and other benefits received, or due and receivable, from any entity in Brambles by Executives whose remuneration was at least A\$100,000		
	46,675	45,223

Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

48 Directors' and executives' remuneration continued

The number of such Executive officers within the following bandings is:

Bandings		2003 Number	Period 7 August 2001 to 30 June 2002 Number	Bandings continued		2003 Number	Period 7 August 2001 to 30 June 2002 Number
A\$	A\$			A\$	A\$		
100,000	– 109,999	1	–	520,000	– 529,999	6	1
120,000	– 129,999	1	–	530,000	– 539,999	1	1
130,000	– 139,999	1	–	540,000	– 549,999	1	–
140,000	– 149,999	2	1	550,000	– 559,999	1	3
150,000	– 159,999	2	1	560,000	– 569,999	–	1
160,000	– 169,999	1	–	570,000	– 579,999	1	–
170,000	– 179,999	1	–	580,000	– 589,999	–	1
180,000	– 189,999	–	1	590,000	– 599,999	–	1
190,000	– 199,999	–	2	600,000	– 609,999	1	1
210,000	– 219,999	–	1	610,000	– 619,999	1	1
220,000	– 229,999	1	1	620,000	– 629,999	2	1
250,000	– 259,999	–	1	630,000	– 639,999	–	1
260,000	– 269,999	1	–	650,000	– 659,999	1	2
270,000	– 279,999	5	3	660,000	– 669,999	1	1
280,000	– 289,999	2	2	670,000	– 679,999	3	–
290,000	– 299,999	–	3	690,000	– 699,999	–	2
300,000	– 309,999	1	1	710,000	– 719,999	1	1
310,000	– 319,999	2	1	730,000	– 739,999	–	2
320,000	– 329,999	1	2	750,000	– 759,999	1	–
330,000	– 339,999	–	3	770,000	– 779,999	1	–
340,000	– 349,999	3	3	790,000	– 799,999	2	1
350,000	– 359,999	–	1	800,000	– 809,999	1	–
360,000	– 369,999	2	1	810,000	– 819,999	1	–
370,000	– 379,999	–	3	830,000	– 839,999	1	–
380,000	– 389,999	–	4	850,000	– 859,999	1	–
390,000	– 399,999	2	1	860,000	– 869,999	–	1
400,000	– 409,999	1	–	1,180,000	– 1,189,999	1	–
410,000	– 419,999	4	–	1,240,000	– 1,249,999	1	–
430,000	– 439,999	1	–	1,260,000	– 1,269,999	1	–
440,000	– 449,999	1	1	1,270,000	– 1,279,999	1	–
450,000	– 459,999	2	–	1,700,000	– 1,799,999	–	1
460,000	– 469,999	2	1	1,740,000	– 1,749,999	–	1
470,000	– 479,999	2	3	1,830,000	– 1,839,999	–	1
480,000	– 489,999	1	–	1,860,000	– 1,869,999	–	1
490,000	– 499,999	1	1	1,880,000	– 1,889,000	1	–
500,000	– 509,999	3	2	1,930,000	– 1,939,999	–	1
510,000	– 519,999	1	–	2,010,000	– 2,019,999	1	–
				2,970,000	– 2,979,999	–	1
				3,150,000	– 3,159,999	1	–
				4,150,000	– 4,159,999	–	1
						83	73

Refer to Remuneration Report on pages 52 to 61 for remuneration of the five highest paid current Executives of Brambles.

49 Brambles Industries Limited parent entity financial statements

	PARENT ENTITY	
	2003 A\$ millions	2002 A\$ millions
STATEMENT OF FINANCIAL PERFORMANCE		
for the year ended 30 June 2003		
Other revenue	101.3	221.0
Total revenue from ordinary activities	101.3	221.0
Expenses from ordinary activities excluding borrowing costs expense	(57.2)	(34.5)
Borrowing costs expense	(0.1)	(0.1)
Profit from ordinary activities before income tax expense	44.0	186.4
Income tax expense relating to ordinary activities	(14.7)	(15.6)
Net profit	29.3	170.8
STATEMENT OF FINANCIAL POSITION		
at 30 June 2003		
CURRENT ASSETS		
Cash assets	13.7	13.8
Receivables	255.0	392.5
Other	0.4	0.2
Total current assets	269.1	406.5
NON-CURRENT ASSETS		
Receivables	374.0	356.1
Other financial assets	966.8	951.5
Property, plant and equipment	3.5	4.2
Deferred tax assets	4.4	0.5
Total non-current assets	1,348.7	1,312.3
Total assets	1,617.8	1,718.8
CURRENT LIABILITIES		
Payables	6.6	10.2
Interest bearing liabilities	0.6	10.6
Tax liabilities	30.7	13.3
Provisions	6.6	100.3
Total current liabilities	44.5	134.4
NON-CURRENT LIABILITIES		
Deferred tax liabilities	43.0	–
Provisions	3.8	2.0
Total non-current liabilities	46.8	2.0
Total liabilities	91.3	136.4
Net assets	1,526.5	1,582.4
EQUITY		
Contributed equity	1,199.7	1,195.3
Retained profits	326.8	387.1
Total equity	1,526.5	1,582.4

Notes to and forming part of the combined financial statements continued

for the year ended 30 June 2003 (7 August 2001 to 30 June 2002 comparatives)

49 Brambles Industries Limited parent entity financial statements continued

	PARENT ENTITY	
	2003 A\$ millions	2002 A\$ millions
STATEMENT OF CASH FLOWS		
for the year ended 30 June 2003		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts in the course of operations	36.4	1.7
Payments in the course of operations	(44.5)	(42.2)
Dividends received from controlled entities	4.7	37.1
Interest received	61.1	31.2
Income taxes paid	(19.7)	(19.8)
Net operating cash inflows	38.0	8.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2.7)	(0.8)
Proceeds from sale of property, plant and equipment	2.7	0.7
Acquisition of entities	(15.3)	(77.0)
Net investing cash outflows	(15.3)	(77.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	4.4	51.2
Dividends paid	(186.2)	(191.8)
Loans from controlled entities	169.0	208.4
Net financing cash (outflows)/inflows	(12.8)	67.8
Net increase/(decrease) in cash held	9.9	(1.3)
Cash at beginning of year	3.2	4.5
Cash at end of year	13.1	3.2