Brambles Limited
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19 February 2018

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam

Brambles reports results for the half-year ended 31 December 2017

Attached in accordance with Listing Rule 4.2A is the consolidated financial report, directors' report and auditors' review report for Brambles Limited for the half-year ended 31 December 2017.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Brambles

Results for Announcement to the Market

Brambles Limited
ABN 89 118 896 021
Appendix 4D

Consolidated financial report for the half-year ended 31 December 2017

Six months ended 31 December	2017 US$m	2016 US$m	% change (actual FX rates)	% change (constant FX rates)
Statutory Results				
Continuing operations after Significant Items[1]:				
Sales revenue	**2,746.1**	2,523.4	9 %	5 %
Operating profit[2]	**489.0**	332.1	47 %	42 %
Profit before tax[2]	**436.3**	282.0	55 %	49 %
Profit after tax[2,3]	**449.9**	164.1	174 %	167 %
Discontinued operations - loss after tax[4]	**(2.7)**	(17.9)		
Profit for the period attributable to members of the parent entity	**447.2**	146.2	206 %	198 %
Basic EPS (US cents) - includes discontinued operations	**28.1**	9.2	205 %	198 %
Continuing operations before Significant Items[1]:				
Sales revenue	**2,746.1**	2,523.4	9 %	5 %
Underlying Profit	**493.7**	470.6	5 %	1 %
Profit after tax	**322.7**	297.1	9 %	5 %
Basic EPS (US cents)	**20.3**	18.7	9 %	5 %
Interim dividend[5] (Australian cents)	**14.5**	14.5		

1 Refer Note 5 for Significant Items.

2 The first half 2017 operating profit includes the non-cash impairment of US$120.0 million recognised within Significant Items related to the HFG investment (refer Note 5).

3 The first half 2018 profit after tax includes the US$130.1 million tax benefit recognised within Significant Items relating to the US tax rate change (refer Note 5).

4 Refer Note 9 for discontinued operations.

5 The 2018 interim dividend is 30% franked and its record date is 8 March 2018.

Commentary on these results is set out in Brambles' Half-Year Results announcement dated 19 February 2018.

Brambles

Consolidated Financial Report

for the half-year ended 31 December 2017

INDEX	PAGE

Brambles

Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2017

	Note	First half 2018 US$m	First half 2017 US$m
Continuing operations			
Sales revenue	3	**2,746.1**	2,523.4
Other income		**58.6**	46.4
Operating expenses	4	**(2,307.7)**	(2,234.7)
Share of results of joint venture		**(8.0)**	(3.0)
Operating profit		**489.0**	332.1
Finance revenue		**15.9**	13.8
Finance costs		**(68.6)**	(63.9)
Net finance costs		**(52.7)**	(50.1)
Profit before tax		**436.3**	282.0
Tax benefit/(expense)		**13.6**	(117.9)
Profit from continuing operations		**449.9**	164.1
Loss from discontinued operations	9	**(2.7)**	(17.9)
Profit for the period attributable to members of the parent entity		**447.2**	146.2
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension plans		**0.7**	(12.1)
Income tax (expense)/benefit on items that will not be reclassified to profit or loss		**(1.2)**	2.3
		(0.5)	(9.8)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**42.6**	(97.2)
Other comprehensive gain/(loss) for the period		**42.1**	(107.0)
Total comprehensive income for the period attributable to members of the parent entity		**489.3**	39.2
Earnings per share (cents)	6		
Total			
- basic		**28.1**	9.2
- diluted		**28.0**	9.2
Continuing operations			
- basic		**28.3**	10.3
- diluted		**28.2**	10.3

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

Results for the held for sale business have been presented within discontinued operations (refer Note 9). Prior year comparatives have been restated for held for sale business and include the results for divested entities up to the dates of divestment.

Brambles

Consolidated Balance Sheet

as at 31 December 2017

	Note	December 2017 US$m	June 2017 US$m
Assets			
Current assets			
Cash and cash equivalents		**273.3**	159.7
Trade and other receivables		**1,256.8**	1,169.0
Inventories		**55.4**	56.8
Other assets		**100.5**	70.6
Assets classified as held for sale	9	**131.0**	136.0
Total current assets		**1,817.0**	1,592.1
Non-current assets			
Other receivables		**190.8**	189.5
Investments		**14.0**	20.8
Property, plant and equipment		**5,145.0**	4,861.1
Goodwill and intangible assets		**1,047.1**	1,028.1
Deferred tax assets		**29.4**	42.6
Other assets		**14.3**	13.5
Total non-current assets		**6,440.6**	6,155.6
Total assets		**8,257.6**	7,747.7
Liabilities			
Current liabilities			
Trade and other payables		**1,364.7**	1,243.5
Borrowings		**703.5**	673.4
Tax payable		**59.3**	72.5
Provisions		**54.4**	79.0
Liabilities classified as held for sale	9	**44.3**	56.0
Total current liabilities		**2,226.2**	2,124.4
Non-current liabilities			
Borrowings		**2,277.2**	2,059.0
Provisions		**24.1**	25.1
Retirement benefit obligations		**49.6**	51.6
Deferred tax liabilities		**518.3**	639.7
Other liabilities		**1.1**	1.2
Total non-current liabilities		**2,870.3**	2,776.6
Total liabilities		**5,096.5**	4,901.0
Net assets		**3,161.1**	2,846.7
Equity			
Contributed equity	8	**6,213.0**	6,201.1
Reserves		**(7,113.9)**	(7,152.8)
Retained earnings		**4,062.0**	3,798.4
Total equity		**3,161.1**	2,846.7

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

Brambles

Consolidated Cash Flow Statement

for the half-year ended 31 December 2017

	Note	First half 2018 US$m	First half 2017 US$m
Cash flows from operating activities			
Receipts from customers		**3,410.4**	3,235.1
Payments to suppliers and employees		**(2,607.3)**	(2,513.6)
Cash generated from operations		**803.1**	721.5
Interest received		**8.6**	3.9
Interest paid		**(37.6)**	(36.0)
Income taxes paid on operating activities		**(120.7)**	(107.1)
Net cash inflow from operating activities		**653.4**	582.3
Cash flows from investing activities			
Payments for property, plant and equipment		**(570.9)**	(570.5)
Proceeds from sale of property, plant and equipment		**69.7**	52.2
Payments for intangible assets		**(3.6)**	(6.1)
Proceeds from disposal of businesses, net of cash disposed	9	**-**	160.4
Acquisition of subsidiaries, net of cash acquired		**(4.0)**	-
Net cash outflow from investing activities		**(508.8)**	(364.0)
Cash flows from financing activities			
Proceeds from borrowings		**1,309.0**	891.2
Repayments of borrowings		**(1,125.4)**	(888.8)
Net (outflow)/inflow from hedge instruments		**(2.5)**	34.3
Proceeds from issues of ordinary shares		**-**	1.1
Dividends paid[1]	7	**(178.0)**	(176.6)
Net cash inflow/(outflow) from financing activities		**3.1**	(138.8)
Net increase in cash and cash equivalents		**147.7**	79.5
Cash and deposits, net of overdrafts, at beginning of the period		**112.7**	115.2
Effect of exchange rate changes		**-**	(6.0)
Cash and deposits, net of overdrafts, at end of the period[2]		**260.4**	188.7

1 The impact of the Dividend Reinvestment Plan (DRP) relating to the 2017 and 2016 final dividends were neutralised by on-market share buy-backs.

2 Cash and deposits of US$260.4 million at the end of the period, includes cash and cash equivalents of US$273.9 million (of which US$0.6 million relates to the held for sale business) and is net of overdrafts of US$13.5 million (of which US$6.0 million relates to the held for sale business).

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

Cash flows for held for sale business are included in the current and comparative periods.

Cash flows for divested entities up to the dates of divestment have been included in first half 2017.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2017

	Note	Contributed equity US$m	Reserves US$m	Retained earnings US$m	Total US$m
Half-year ended 31 December 2016					
Opening balance as at 1 July 2016		6,173.3	(7,191.5)	3,973.3	2,955.1
Profit for the period		-	-	146.2	146.2
Other comprehensive loss		-	(97.2)	(9.8)	(107.0)
Total comprehensive income		-	(97.2)	136.4	39.2
Share-based payments:					
- expense recognised		-	15.4	-	15.4
- shares issued		-	(19.4)	-	(19.4)
- equity component of related tax		-	1.4	-	1.4
Transactions with owners in their capacity as owners:					
- dividends declared		-	-	(173.7)	(173.7)
- issues of ordinary shares, net of transaction costs		20.5	-	-	20.5
Closing balance as at 31 December 2016		6,193.8	(7,291.3)	3,936.0	2,838.5
Half-year ended 31 December 2017					
Opening balance as at 1 July 2017		**6,201.1**	**(7,152.8)**	**3,798.4**	**2,846.7**
Profit for the period		**-**	**-**	**447.2**	**447.2**
Other comprehensive income/(loss)		**-**	**42.6**	**(0.5)**	**42.1**
Total comprehensive income		**-**	**42.6**	**446.7**	**489.3**
Share-based payments:					
- expense recognised		**-**	**7.9**	**-**	**7.9**
- shares issued		**-**	**(11.9)**	**-**	**(11.9)**
- equity component of related tax		**-**	**0.3**	**-**	**0.3**
Transactions with owners in their capacity as owners:					
- dividends declared	7	**-**	**-**	**(183.1)**	**(183.1)**
- issues of ordinary shares, net of transaction costs	8	**11.9**	**-**	**-**	**11.9**
Closing balance as at 31 December 2017		**6,213.0**	**(7,113.9)**	**4,062.0**	**3,161.1**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017

Note 1. Basis of Preparation

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) and its subsidiaries (Brambles or the Group) for first half 2018.

References to 2018 and 2017 are to the financial years ending on 30 June 2018 and 30 June 2017.

These financial statements are a general purpose financial report and have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* which ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

These interim financial statements do not include all of the notes that would normally be included in an annual financial report. The interim financial statements should be read in conjunction with Brambles' 2017 Annual Report and public announcements made by Brambles during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements and all comparatives have been prepared using consistent accounting policies, as set out in Brambles' 2017 Annual Report.

As Brambles is a company of a kind referred to in ASIC Corporations Instrument 2016/191, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars. Amounts in cents have been rounded to the nearest tenth of a cent.

On 11 August 2017, Brambles announced the planned divestment of its North American recycled whitewood pallets business, CHEP Recycled. CHEP Recycled is classified as held for sale at 31 December 2017. Prior period results have been restated accordingly, with the assets and liabilities of CHEP Recycled classified as held for sale (refer Note 9). Comparative information has been reclassified, where appropriate, to enhance comparability.

Note 2. Other Information

A) New Accounting Standards and Interpretations Not Yet Adopted

At 31 December 2017, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. Brambles is not expecting to early-adopt any of these new or amended accounting standards and interpretations. A project is underway to assess the impact of the new accounting standards relevant to Brambles' operations. This assessment process also includes identifying changes to internal and external reporting requirements, IT systems, business processes and associated internal controls with the aim of quantifying the expected impact of the new standards as well as supporting ongoing compliance with new accounting requirements. New and amended accounting standards include:

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

AASB 15 *Revenue from Contracts with Customers* is applicable to annual reporting periods beginning on or after 1 January 2018 and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard replaces the principle under the current standard of recognising revenue when risks and rewards transfer to the customer. A representative sample of contracts has been analysed to obtain a detailed understanding of contractual arrangements with customers to identify potential differences between Brambles' current accounting policies and practices and the requirements of AASB 15. Whilst the impact of this standard is still in the process of being finalised, it will result in a higher deferred revenue balance being recognised on the balance sheet. However, due to the restatement of comparatives on transition, it is not expected to have a material impact on revenue on an annualised basis.

AASB 16 *Leases* requires lessees to recognise most leases on the balance sheet. AASB 16 is effective for reporting periods beginning on or after 1 January 2019. Brambles has determined the current operating leases that will be in scope for AASB 16 at transition and is in the process of reviewing and analysing the terms of these contracts to determine the impact of the requirements of AASB 16. Whilst the impact of this standard is still being assessed, it is expected to have a material impact for Brambles due to the recognition of previously unrecorded leased assets and liabilities on the balance sheet.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 2. Other Information – continued

B) Foreign currency

The principal exchange rates affecting Brambles were:

		A$:US$	€:US$	£:US$
Average	**First half 2018**	**0.7802**	**1.1844**	**1.3254**
	First half 2017	0.7522	1.0969	1.2781
Period end	**31 December 2017**	**0.7795**	**1.194**	**1.3435**
	30 June 2017	0.7686	1.1439	1.3008

Note 3. Segment Information

Brambles' segment information is provided on the same basis as internal management reporting to the CEO.

Brambles has five reportable segments, CHEP North America and Latin America (CHEP Americas); CHEP Europe, Middle East, Africa and India (CHEP EMEA); CHEP Australia, New Zealand and Asia, excluding India (CHEP Asia-Pacific) - each primarily comprising pallet and container pooling businesses in that region operating under the CHEP brand; IFCO (RPCs pooling businesses operating under the IFCO brand) and Corporate (corporate centre including HFG joint venture and BXB Digital).

Segment performance is measured on sales revenue, Underlying Profit, Cash Flow from Operations and Return on Capital Invested (ROCI). Underlying Profit is the main measure of segment profit. A reconciliation between Underlying Profit and operating profit is set out on page 10.

Segment sales revenue is measured on the same basis as in the statement of comprehensive income. Revenue is recognised to the extent that it is probable that the economic benefits will flow to Brambles and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid (goods and services tax and local equivalents).

Revenue for services is recognised when invoicing the customer following the provision of the service and/or under the terms of agreed contracts in the period in which the service is provided.

Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the period was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, borrowings and tax balances are managed centrally and are not allocated to segments.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 3. Segment Information – continued

	Sales revenue		Cash Flow from Operations[1]	
	First half 2018 US$m	First half 2017 US$m	First half 2018 US$m	First half 2017 US$m
By operating segment				
CHEP Americas	**1,082.3**	1,022.4	**91.9**	82.7
CHEP EMEA	**882.9**	779.3	**114.7**	99.9
CHEP Asia-Pacific	**238.1**	243.6	**45.5**	41.0
IFCO	**542.8**	478.1	**77.4**	22.3
Corporate	**-**	-	**(18.3)**	(32.8)
Continuing operations	**2,746.1**	2,523.4	**311.2**	213.1
By geographic origin				
Americas	**1,222.9**	1,153.1		
Europe	**1,152.1**	1,009.0		
Australia	**187.7**	192.8		
Other	**183.4**	168.5		
Total	**2,746.1**	2,523.4		

[1] Cash Flow from Operations is cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 3. Segment Information – continued

	Operating Profit[2]		Significant Items before tax[3]		Underlying Profit[3]	
	First half 2018 US$m	**First half 2017 US$m**	**First half 2018 US$m**	**First half 2017 US$m**	**First half 2018 US$m**	**First half 2017 US$m**
By operating segment						
CHEP Americas	**173.0**	184.3	**(1.9)**	(4.9)	**174.9**	189.2
CHEP EMEA	**217.2**	191.6	**(1.3)**	(0.9)	**218.5**	192.5
CHEP Asia-Pacific	**58.8**	55.5	**(0.1)**	-	**58.9**	55.5
IFCO	**64.3**	57.3	**-**	(0.5)	**64.3**	57.8
Corporate[4]	**(24.3)**	(156.6)	**(1.4)**	(132.2)	**(22.9)**	(24.4)
Continuing operations	**489.0**	332.1	**(4.7)**	(138.5)	**493.7**	470.6

[2] Operating profit is segment revenue less segment expense and excludes net finance costs.

[3] Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items (refer Note 5). It is presented to assist users of the financial statements to better understand Brambles' business results.

[4] Significant Items in first half 2017 for the Corporate segment includes the US$120.0 million impairment of the Hoover Ferguson Group (HFG) investment (refer Note 5).

Underlying Profit for the Corporate segment includes the following:

	First half 2018 US$m	**First half 2017 US$m**
Corporate costs	**(10.7)**	(17.4)
BXB Digital	**(4.2)**	(4.0)
HFG joint venture results	**(8.0)**	(3.0)
	(22.9)	(24.4)

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 3. Segment Information – continued

	Return on Capital Invested[5]		Average Capital Invested[6]	
	First half 2018 US$m	**First half 2017 US$m**	**First half 2018 US$m**	**First half 2017 US$m**
By operating segment				
CHEP Americas	**16.7%**	19.8%	**2,095.1**	1,915.3
CHEP EMEA	**24.4%**	25.0%	**1,791.1**	1,543.0
CHEP Asia-Pacific	**26.9%**	25.8%	**438.6**	430.5
IFCO	**7.8%**	7.4%	**1,650.6**	1,565.5
Corporate[7]			**136.9**	77.3
Continuing operations	**16.2%**	17.0%	**6,112.3**	5,531.6

[5] Return on Capital Invested (ROCI) is Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested. ROCI is not disclosed for the Corporate segment as this is not deemed a relevant measure for this segment. ROCI for continuing operations includes the Corporate segment.

[6] Average Capital Invested (ACI) is a monthly average of capital invested in the period. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for actuarial gains and losses and net equity-settled shared-based payments.

[7] ACI for the Corporate segment for first half 2018 includes the US$150.0 million loan to HFG, US$40.6 million deferred consideration receivable from First Reserve and US$14.0 million in relation to the investment in HFG, offset by actuarial gains and losses and net equity-settled share based payments of US$59.3 million. Given HFG was formed on 21 October 2016, ACI for first half 2017 only includes three months impact for HFG balances and trading compared to six months impact in first half 2018, resulting in a 0.4% reduction in continuing operations ROCI in first half 2018.

	Capital expenditure[8]		Depreciation and amortisation	
	First half 2018 US$m	**First half 2017 US$m**	**First half 2018 US$m**	**First half 2017 US$m**
By operating segment				
CHEP Americas	**237.6**	215.2	**120.9**	115.4
CHEP EMEA	**204.2**	162.2	**81.3**	71.0
CHEP Asia-Pacific	**33.3**	29.5	**26.0**	26.4
IFCO	**116.8**	120.1	**54.5**	49.0
Corporate	**0.5**	-	**0.4**	0.4
Continuing operations	**592.4**	527.0	**283.1**	262.2

[8] Capital expenditure on property, plant & equipment on an accruals basis.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 3. Segment Information – continued

	Segment assets		Segment liabilities	
	December 2017 US$m	June 2017 US$m	December 2017 US$m	June 2017 US$m
By operating segment				
CHEP Americas	**2,439.2**	2,389.1	**316.2**	330.1
CHEP EMEA	**2,104.2**	1,915.6	**263.2**	254.0
CHEP Asia-Pacific	**547.8**	525.9	**85.0**	85.5
IFCO	**2,446.1**	2,316.7	**779.3**	677.3
Corporate	**266.4**	245.5	**46.6**	49.6
Continuing operations	**7,803.7**	7,392.8	**1,490.3**	1,396.5
Discontinued operations[9]	**133.8**	140.8	**41.7**	51.5
Total segment assets and liabilities	**7,937.5**	7,533.6	**1,532.0**	1,448.0
Cash and borrowings[10,11]	**273.9**	160.1	**2,986.9**	2,740.8
Current tax balances[10]	**16.8**	11.4	**59.3**	72.5
Deferred tax balances[10]	**29.4**	42.6	**518.3**	639.7
Total assets and liabilities	**8,257.6**	7,747.7	**5,096.5**	4,901.0
Non-current assets by geographic origin[12]				
Americas	**2,842.4**	2,778.8		
Europe	**2,764.8**	2,557.8		
Australia	**316.4**	308.9		
Other	**477.4**	459.3		
Total	**6,401.0**	6,104.8		

[9] Includes balances for both CHEP Recycled and other divested entities.

[10] Includes balances relating to discontinued operations.

[11] €500.0 million of loan notes have been hedged with interest rate swaps for fair value risk. In accordance with AASB 139 *Financial Instruments: recognition and measurement*, the carrying value of the notes has been increased by US$13.2 million (June 2017: US$14.3 million) in relation to changes in fair value attributable to the hedged risk.

In October 2017 Brambles issued €500.0 million medium-term notes in the European bond market, maturing in 10 years. The notes were priced at a fixed rate, with a coupon rate of 1.5%. Brambles has used the proceeds to repay existing bank debt, with the remaining balance held on deposit to pre-fund the €500.0 million of European medium-term notes maturing in April 2018.

The fair values of all financial instruments held on the balance sheet as at 31 December 2017 equal the carrying amount, with the exception of loan notes, which has a carrying amount of US$2,845.6 million and an estimated fair value of US$2,924.8 million. Financial assets and liabilities held at fair value are estimated using level 2 estimation techniques, whereas loan notes are estimated using both levels 1 and 2 estimation techniques. Further information on the estimation methodology is included within Brambles' 2017 Annual Report.

[12] Non-current assets exclude financial instruments of US$10.2 million (June 2017: US$8.2 million) and deferred tax assets of US$29.4 million (June 2017: US$42.6 million).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 4. Operating Expenses - Continuing Operations

	First half 2018 US$m	First half 2017 US$m
Employment costs	**355.8**	355.0
Service suppliers:		
- transport	**620.1**	548.2
- repairs and maintenance	**445.6**	409.3
- subcontractors and other service suppliers	**323.2**	276.5
Raw materials and consumables[1]	**116.0**	107.2
Occupancy	**75.9**	73.0
Depreciation of property, plant and equipment	**269.0**	248.5
Impairment of investment (refer Note 5)	**-**	120.0
Irrecoverable pooling equipment provision expense	**46.2**	44.8
Amortisation of intangible assets	**14.1**	13.7
Net foreign exchange gains	**(2.7)**	(0.6)
Other	**44.5**	39.1
	2,307.7	2,234.7

1 Relates primarily to repairs of pooling equipment.

Note 5. Significant Items - Continuing Operations

Significant Items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

- outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Significant Items are disclosed to assist users of the financial statements to better understand Brambles' business results.

In first half 2018, an after tax Significant Item benefit of US$127.2 million (first half 2017: US$133.0 million expense) was recognised as detailed below.

	First half 2018 US$m			First half 2017 US$m		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Items outside the ordinary course of business:						
- USA tax rate change[1]	**-**	**130.1**	**130.1**	-	-	-
- acquisition-related costs	**(0.1)**	**-**	**(0.1)**	(0.6)	0.1	(0.5)
- restructuring and integration costs[2]	**(4.6)**	**1.8**	**(2.8)**	(17.9)	5.4	(12.5)
- impairment of investment[3]	**-**	**-**	**-**	(120.0)	-	(120.0)
Significant Items from continuing operations	**(4.7)**	**131.9**	**127.2**	(138.5)	5.5	(133.0)

1 The USA Government recently passed the Tax Cuts and Jobs Act which contains significant tax reform measures, including a decrease in the USA federal corporate tax rate from 35% to 21%. Consequently, Brambles has recognised a one-time non-cash benefit of US$130.1 million to income tax expense during the first half 2018 representing the estimated reduction in Brambles USA's net deferred tax liability.

2 In first half 2018, restructuring and integration costs primarily includes costs relating to the One Better program which was completed during second half 2017.

3 A non-cash impairment of US$120.0 million was recognised in first half 2017 in relation to the HFG investment.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 6. Earnings Per Share

	First half 2018 US cents	First half 2017 US cents
Earnings per share		
- basic	**28.1**	9.2
- diluted	**28.0**	9.2
From continuing operations		
- basic	**28.3**	10.3
- diluted	**28.2**	10.3
- basic, on Underlying Profit after finance costs and tax	**20.3**	18.7
From discontinued operations		
- basic	**(0.2)**	(1.1)
- diluted	**(0.2)**	(1.1)

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

	First half 2018 Million	First half 2017 Million
A) Weighted Average Number of Shares During the Period		
Used in the calculation of basic earnings per share	**1,590.6**	1,587.5
Adjustment for share rights	**4.4**	5.5
Used in the calculation of diluted earnings per share	**1,595.0**	1,593.0

	First half 2018 US$m	First half 2017 US$m
B) Reconciliations of Profits used in Earnings Per Share Calculations		
Statutory profit		
Profit from continuing operations	**449.9**	164.1
Loss from discontinued operations	**(2.7)**	(17.9)
Profit used in calculating basic and diluted EPS	**447.2**	146.2
Underlying Profit after finance costs and tax		
Underlying Profit (Note 3)	**493.7**	470.6
Net finance costs	**(52.7)**	(50.1)
Underlying Profit before tax	**441.0**	420.5
Tax expense on Underlying Profit	**(118.3)**	(123.4)
Underlying Profit after finance costs and tax	**322.7**	297.1
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**322.7**	297.1
Significant Items after tax (Note 5)	**127.2**	(133.0)
Profit from continuing operations	**449.9**	164.1

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 7. Dividends

A) Dividends Paid During the Period

	Final 2017
Dividend per share (in Australian cents)	**14.5**
Cost (in US$ million)	**178.0**
Payment date	**12 October 2017**

Dividends paid during the period of US$178.0 million (first half 2017: US$176.6 million) per the cash flow statement differs from the amount recognised in the statement of changes in equity of US$183.1 million (first half 2017: US$173.7 million) due to the impact of foreign exchange movements on the Australian dividend payment between the dividend record and payment date.

The impact of the DRP for the dividend payments made in first half 2018 and 2017 were neutralised by way of on-market share buy-backs.

B) Dividend Declared after 31 December 2017

	Interim 2018
Dividend per share (in Australian cents)	**14.5**
Cost (in US$ million)	**181.7**
Payment date	**12 April 2018**
Dividend record date	**8 March 2018**

As this dividend had not been declared at 31 December 2017, it is not reflected in these financial statements.

Note 8. Issued and Quoted Securities

	Share rights	Ordinary securities	
	Number	Number	US$m
At 1 July 2017	**7,688,535**	**1,589,421,794**	**6,201.1**
Issued during the period	**2,670,131**	**1,664,000**	**11.9**
Exercised during the period	**(1,616,085)**	**-**	**-**
Lapsed during the period	**(1,235,239)**	**-**	**-**
At 31 December 2017	**7,507,342**	**1,591,085,794**	**6,213.0**

Note 9. Discontinued Operations

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

A) Held for Sale Businesses and Divested Entities

Held for sale business

On 11 August 2017, Brambles announced the planned divestment of its North American recycled whitewood pallets business, CHEP Recycled. CHEP Recycled is classified as held for sale at 31 December 2017. The results for the current and comparative periods, have been classified as discontinued operations in the statement of comprehensive income and all related note disclosures. The assets and liabilities of CHEP Recycled have been classified as held for sale within the balance sheet.

The carrying value of CHEP Recycled's net assets, reflecting its fair value less costs to sell, is shown below:

	December 2017 US$m	June 2017 US$m
Assets		
Cash and cash equivalents	**0.6**	0.4
Trade and other receivables	**43.0**	45.3
Property, plant and equipment	**22.2**	23.1
Goodwill and intangibles assets	**43.6**	45.1
Other assets	**21.6**	22.1
Total assets	**131.0**	136.0
Liabilities		
Trade and other payables	**32.8**	42.0
Other liabilities (including overdrafts)	**11.5**	14.0
Total liabilities	**44.3**	56.0
Net assets	**86.7**	80.0

At 31 December 2017, there were no indicators of impairment relating to held for sale assets.

Segment assets and liabilities of discontinued operations, as disclosed in Note 3, includes the held for sale business as at 31 December 2017 and 30 June 2017.

On 9 January 2018 Brambles announced it had entered into an agreement to divest CHEP Recycled (refer Note 12).

Divested entities

On 21 October 2016, Brambles combined its Oil and Gas container solutions businesses with Hoover Container Solutions (Hoover) to create a joint venture company, HFG. HFG is 50% owned by Brambles and 50% owned by First Reserve. As a result of this transaction, the Oil and Gas business was accounted for as a divestment in first half 2017.

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

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

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 9. Discontinued Operations – continued

B) Results of Discontinued Operations

Financial information for discontinued operations is summarised below:

	First half 2018 US$m	First half 2017 US$m
Operating results (excluding profit or loss on divestments) relate to:		
- CHEP Recycled[1]	**(4.0)**	(1.7)
- Aerospace[2]	**-**	(1.3)
- Oil and Gas[3]	**-**	0.2
- other discontinued operations	**(0.4)**	0.2
	(4.4)	(2.6)
Profit on divestment of Aerospace[4]	**-**	20.1
Loss on divestment of Oil and Gas[5]	**-**	(20.6)
Total operating loss for the period	**(4.4)**	(3.1)
Finance costs	**(0.1)**	(0.3)
Loss before tax	**(4.5)**	(3.4)
Tax benefit/(expense)[6]	**1.8**	(14.5)
Loss for the period from discontinued operations	**(2.7)**	(17.9)

[1] Operating result includes US$4.5 million of depreciation and amortisation expense (first half 2017: US$4.5 million).

[2] Operating result includes US$nil depreciation and amortisation expense (first half 2017: US$4.8 million).

[3] Operating result includes US$nil of depreciation and amortisation expense (first half 2017: US$7.0 million).

[4] In first half 2017, US$12.5 million gain relating to the cumulative foreign currency translation of the investment previously recognised within other comprehensive income, was included in the profit on divestment of Aerospace.

[5] In first half 2017, US$14.7 million loss relating to the cumulative foreign currency translation of the investment previously recognised within other comprehensive income, was included in the loss on divestment of Oil and Gas.

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

Significant Items outside the ordinary course of business relating to discontinued operations recognised during first half 2018 were US$(3.0) million, which primarily includes professional fees associated with the planned divestment of CHEP Recycled.

Significant Items outside the ordinary course of business relating to discontinued operations recognised during first half 2017 were US$(0.8) million, which included the profit on divestment of Aerospace of US$20.1 million, the loss on divestment of Oil and Gas of US$(20.6) million and US$(0.3) million of other costs.

In first half 2017, proceeds from the disposal of businesses of US$160.4 million included net proceeds relating to the sale of Aerospace of US$128.6 million and US$31.8 million received relating to the creation of the HFG joint venture.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2017 – continued

Note 10. Net Assets Per Share

	First half 2018 US cents	First half 2017 US cents
Based on 1,591.1 million shares (first half 2017: 1,588.4 million shares):		
- Net tangible assets per share	**130.1**	99.3
- Net assets per share	**198.7**	178.7

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets (including intangible assets relating to CHEP Recycled - refer Note 9), by the number of shares on issue at period end.

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

Note 11. Contingencies

There have been no material changes to contingencies as set out in Brambles' 2017 Annual Report.

Note 12. Events After Balance Sheet Date

On 9 January 2018, Brambles announced it had entered into an agreement to divest its CHEP Recycled business to Grey Mountain Partners for an enterprise value of US$115.0 million. Following the necessary regulatory approvals, the transaction was completed on 14 February 2018 in New York. Proceeds from the sale were broadly in line with the carrying value of the business.

Except as outlined in the Directors' Report or elsewhere in these consolidated financial statements, there have been no other events that have occurred subsequent to 31 December 2017 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

Directors' Declaration

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 2 to 18 are in accordance with the Australian Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated financial position of Brambles Limited as at 31 December 2017 and of its performance for the half-year ended on that date;

(b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

S P Johns
Chairman

G A Chipchase
Chief Executive Officer

Sydney
19 February 2018

Independent auditor's review report to the members of Brambles Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Brambles Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Brambles (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Brambles Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brambles Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horl

Susan Horlin
Partner

Sydney
19 February 2018

EPenny

Eliza Penny
Partner

Sydney
19 February 2018

Directors' Report

The Directors present the interim results of the consolidated entity consisting of Brambles Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017 (Brambles).

Names of Directors

The Directors of Brambles Limited in office during the half-year and up to the date of this report are as follows:

S P Johns (Independent Non-executive Chairman)

G A Chipchase (Executive Director, CEO)

C Cross (Independent Non-executive Director) – retired effective from 31 August 2017

A G Froggatt (Independent Non-executive Director)

D P Gosnell (Independent Non-executive Director)

T Hassan (Independent Non-executive Director)

S C H Kay (Independent Non-executive Director)

B J Long (Independent Non-executive Director)

N O'Sullivan (Executive Director, CFO)

S R Perkins (Independent Non-executive Director)

G El Zoghbi (Independent Non-executive Director)

Review of Operations and Results

The principal activities of Brambles during the six months ending 31 December 2017 (1H18) were the provision of supply-chain logistics solutions, based on the provision of reusable pallets, crates and containers, of which Brambles is a leading global provider. Brambles' supply-chain logistics services comprised four operating business segments: CHEP Americas; CHEP Europe, Middle East and Africa; CHEP Asia-Pacific; and IFCO.

Some of the results referred to in this report are expressed on a "constant currency" basis. This means that they are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations. All other figures are presented on an "actual" basis, which means the results are translated into US dollars at the applicable actual monthly exchange rates for each period.

Sales revenue from continuing operations was US$2,746.1 million, up 5% at constant currency reflecting strong volume growth in the North America, Europe and Latin America pallets businesses and continued growth with new and existing customers in the IFCO RPC businesses. Overall price was broadly flat as increases realised in emerging market pallets businesses and IFCO North America were offset by customer mix and strategic pricing actions in mature pallet businesses.

Operating profit of US$489.0 million was up 42% at constant currency reflecting Underlying Profit growth and a US$133.8 million reduction in Significant Items. The improvement includes the US$120.0 million non-cash impairment of the Group's investment in the HFG joint venture recognised in 1H17. The balance of the reduction is driven by a decision to limit Significant Item projects and reduce overall project costs.

Current period Significant Items expense of US$4.7 million relates to the completion of legacy One Better programme initiatives and prior year restructuring initiatives.

Underlying Profit which excludes Significant Items, was US$493.7 million, up 1% at constant currency and driven by the solid sales contribution to profit, increased collection of asset compensations and a reduction in Corporate costs. The reduction in overhead costs was due to cost savings and lower share-based payments expense.

Underlying Profit growth was impacted by the inclusion of HFG equity accounted losses for a full six months in 1H18 (compared to three months in 1H17) and the loss of income from RPC and Automotive contracts in CHEP Australia.

In addition, direct cost pressures, particularly an acceleration of transport inflation, were not fully offset by pricing and productivity gains in 1H18. The impact of these pressures was particularly evident in the US pallets business where capacity constraints and structural changes in customer and retailer behaviour increased handling and transport costs. Lumber cost inflation also impacted both repair costs and the unit cost of pallets in the period. Productivity improvements and other cost recoveries, which lag the cost inflation, are expected to partly offset these increases through the cycle.

Net finance costs of US$52.7 million increased by US$2.6 million reflecting higher interest rates in North America and emerging markets as well as costs associated with pre-funding of the Euro Medium-Term Note (EMTN) maturing in April 2018. These increases were partly offset by income from both the HFG shareholder loan and the deferred consideration relating to the establishment of the HFG joint venture in FY17.

Directors' Report - continued

Profit after tax from continuing operations of US$449.9 million increased 167% at constant currency reflecting the higher operating profit and a one-off, non-cash benefit to income tax expense of US$130.1 million resulting from a reduction in the Group's net deferred tax liabilities following the decrease in the USA federal income tax rate from 35% to 21%, effective 1 January 2018.

The effective tax rate for 1H18 on Underlying Profit was 26.8% compared to 29.3% for 1H17. The main items impacting this reduction were the anticipated impact of the lower US tax rate in 2H18, mix of geographical profits and resolution of various tax disputes.

Brambles operates primarily through the CHEP and IFCO brands, with the results as follows:

CHEP

The pallet and container pooling business managed under the CHEP brand operates its business within the following segments: CHEP North America and Latin America (CHEP Americas); CHEP Europe, Middle East, Africa and India (CHEP EMEA); CHEP Australia, New Zealand and Asia, excluding India (CHEP Asia-Pacific).

CHEP Americas pallets sales revenue was US$1,056.6 million, up 5% at constant currency driven by strong volume growth across the region. Containers sales revenue was US$25.7 million, up 14% at constant currency primarily driven by the automotive contracts won in the prior year. Underlying Profit was US$174.9 million, down 9% at constant currency due to a lower contribution from the US pallets business reflecting increased direct cost pressures.

CHEP EMEA pallets sales revenue was US$759.2 million, an increase of 6% at constant currency reflecting strong volume growth across the region and price increases in the Africa, India & Middle East pallets business. RPC and containers businesses contributed US$123.7 million, up 12% at constant currency largely due to strong volume growth and pricing increases. Underlying Profit was US$218.5 million, up 7% at constant currency and in line with sales revenue growth despite transport and lumber cost inflation and the impact of strategic pricing initiatives.

CHEP Asia-Pacific pallets sales revenue was US$178.5 million, up 4% at constant currency driven by modest pricing gains and like-for-like volume growth in Australia and New Zealand. This was largely offset by a reduction in sales within Asia relating to the ongoing decline in plastic pallet revenues in China. RPC and containers sales revenue was US$59.6 million, down 25% at constant currency reflecting the loss of a large Australian RPC contract and the wind-down of the automotive industry in Australia. Underlying Profit was US$58.9 million up 3% at constant currency reflecting overhead cost reductions and increased collection of asset compensations in Australia and China. These benefits were partly offset by the US$10.4 million adverse impact of the RPC and automotive contract losses in Australia.

IFCO

Sales revenue in IFCO RPCs was US$542.8 million, up 9% at constant currency. The increase reflected continued strong growth with new and existing customers in all regions, and pricing and product mix benefits in North America. Underlying Profit of US$64.3 million increased 6% at constant currency reflecting the sales contribution to profit and increased depreciation costs in Europe and North America. Plant costs were broadly flat while increases in transportation costs due to inflation in the third-party freight rates were largely offset by efficiency gains.

Auditor's Independence Declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 24 and forms part of this report.

This report is made in accordance with a resolution of the Directors.

S P Johns
Chairman

G A Chipchase
Chief Executive Officer

19 February 2018

Auditor's Independence Declaration

As lead auditor for the review of Brambles Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

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

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

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

S. Horl

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
19 February 2018

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