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Mike Ihlein: Well good morning everyone and welcome to the Brambles 2009 results presentation.

Before we get into the formalities of the results today, I'd just like to do a few introductions because we've got quite a few of the senior management team here and one joining us by video.

Firstly, Tom Gorman who's the group president for CHEP Europe, Middle East and Africa is joining us by video somewhere. Hello Tom. I asked him before [overtalking]. I'll find out if he's got his pyjamas on underneath.

Also mainly down the front here we've got the operating group president for Asia Pacific for CHEP Craig van der Laan. Elton Potts for Recall. Kevin Shuba for CHEP in the Americas. We're also pleased to have here somebody who many people here have not met yet but Jim Ritchie who's recently joined us as the president of our USA from YRC Logistics recently. So welcome Jim to your first results. And Jasper Judd head of strategic development and - what's your name - Nick Smith head of human resources is here as well.

So any of the difficult questions I'll give them first to Liz and then if that doesn't work we can pass them onto the operating presidents.

But let me just start firstly on the backdrop to the results that we've seen in 2009.

I think the overall theme that I'd like you to take away from today is that Brambles is very well positioned for the economic recovery that undoubtedly will come across most parts of our business and across the world.

The performance in 2009 has certainly been, in my view, a resilient one. We have clearly seen the weakest economy in decades. But notwithstanding that - and I'll talk you through a lot of the factors that make up the results of course - but notwithstanding that very weak economy across all key markets, Brambles has still been able to deliver revenue growth in the period.

In particular I think a key feature of the result is the net new business wins. They total approximately $100 million across the business - and I'll talk specifically about the USA and Europe shortly - and the key factor about that is that those new business wins have been more than sufficient to offset the weak organic volume growth that we've seen as our major customers, particularly in the grocery sector and automotive have experienced some significant challenges in their own businesses.

Brambles has had a very long track record in winning new business and this year 2009 is certainly no exception to that.

These are net wins after customer losses as well and I'll come back to that shortly.

Notwithstanding the difficult economies that we've seen in the last 12 months, we've also been appropriately investing in new growth opportunities. You've seen us continue our investment in China and in India, we've expanded our business in Germany, we've expanded our business in Poland and in other parts of central eastern Europe and we've also now established an office in Turkey which will be the next place for CHEP to be expanding its business in Europe. We're doing that in a very disciplined and appropriate manner.

We have, as you know - and we talked extensively about this at the half year results - had a major focus on cash during the period. You see that reflected in the results today. A very strong performance in free cashflow after dividends and at the half year we talked a lot about our necessity to make sure that our capital expenditure levels in the core parts of our business appropriately reflected the economic environment in which we're operating. As a consequence you've seen some significant improvements in our capital expenditure levels as well and Liz will talk more about that shortly.

So not only have you see a big improvement in free cashflow after dividends, our cashflow from operations so that's before interest and before tax, has also remained strong.

But recognising that the future is still going to be challenging, we announced at the half year that we'd be undertaking a number of major initiatives that would help underpin the future financial performance of the group. That included facilities nationalisation - and I'll talk more about that shortly - all of those initiatives have been implemented. They are either close to completion and all of them are either on track or ahead of plan and the savings that we expect to come out of those we are confident will still be delivered in the timeframe that we communicated at the half year results.

So as we see improvements in the world economies, Brambles is certainly very well placed to accelerate our financial performance and I'll talk more about that in my closing remarks after Liz addresses you on the details of the financials.

Turning now to some of the more operating aspects of the business. Firstly, the impact in the economy in the last 12 months and this is across most of our businesses, really had an impact in four key areas. The first one is an impact in organic growth with our customers. As you know most of our business around the world, particularly with CHEP, is in the grocery sector and while not immune from the downturn in the economy, it's certainly been a more resilient sector.

But notwithstanding that, we have seen declines in our organic growth like-for-like if you want to describe it that way, particularly in the USA and in Europe and I'll talk specifically about the extent of that when we come to the European and the US commentary.

Secondly, as customers have destocked during the - these are retail customers and fast moving consumer goods manufacturers - have destocked in the last 12 months, we've seen more pallets come back from the market particularly in the USA and in Europe and also to some extent here in Australia. We've seen more pallets come back in our service centre network which has actually been resulting in higher levels of storage and handling costs as a consequence of that. We certainly see that as a temporary phenomenon because the reverse will be the case as and when the economies recover and I'll come back to that more shortly.

The automotive sector - and we operate in automotive containers in Europe, Australia and South Africa - has been significantly impacted during the period and everybody understands that I think the auto sector generally around the world has been very weak.

Our total automotive business is down 23% in the period and I'll talk about what really has been the impact of that on the group shortly.

The other significant impact is around paper and this is recycled paper prices - recycled paper revenue - and the impact of that has on Recall's secure destruction services business. Two reasons for that - the first one is activity levels given our exposure to the financial services sector - so lower levels of activity mean lower volumes of paper and also the paper price itself and again I'll come back to that shortly.

Notwithstanding all of those impacts, the group has been able to deliver a small growth in revenue on a constant currency basis, that's despite the organic decline, despite automotive and despite SPS.

That's on the key reasons that I think I'm confident about the opportunity for Brambles to accelerate its performance as and when economies recover.

Underlying profit - and I'll talk more to these details shortly - is down 8%, obviously impacted by the economy and particularly the four items I've just mentioned.

We have invested in China, we've invested in China, central eastern Europe and all of those are doing particularly well and I'll comment about the specifics of that shortly.

The free cashflow focus has been very strong through the period and we've been doing a lot of work on refinancing which Liz will speak to and we've been having a major focus on how do we make sure that we flex our capital expenditure to reflect the current economic environment in which we're operating. We've seen benefits of that in the lower levels of capex in the period pretty much right across the business.

Just to get a better measure of what we might regard as sort of the core or the commonly understand major parts of our business, it's useful I think to understand what is the impact of the automotive and the SPS impacting Recall. Had we not had the impact of automotive and SPS our group sales would have grown 3% as compared to reported growth of 1%. The automotive decline - I've already spoken about - 23% - that's $43 million impact in revenue in the period.

SPS business down 13% in the period. A similar impact on underlying profit. Rather than a decline of 8% in underlying profit absent the impact of automotive and SPS that decline would have been 5%. Still a decline none the less and I'll talk more about the details of that shortly. I think it does indicate in terms of the core business of document management solutions in Recall in our core pallet and RPC business right across the world that we are still delivering good levels of growth in what has been a very difficult environment.

Turning now to the Americas, and the key message here is the net new wins that we've delivered who've offset the organic decline in that business during the period. Those net wins have totalled about $35 million and the organic decline in the business though - this is like-for-like so customers who did business last year, what's their volumes this year - on a like-for-like basis has declined by 4%.

As you know your win business throughout the course of the year and you may also lose some business through the course of the year. The annualised impact of those wins and losses on the USA is zero. Now we want that to be positive. It's always been positive and that's why Jim is here - to get it back to positive right?

But I think it is encouraging that we've seen a number of significant wins across many other grocery sectors in the USA - Nestle, Scott's Fertilizer, New World Pasta and there's a whole raft of new customers that we've added during the course of 2009. Those customers also look for opportunities to take their costs down in what clearly has been a challenging ride for them as well.

In the rest of the Americas - Liz will talk through the detail of this - our revenue was up 9% so it's Canada, Latin America and LeanLogistics.

An underlying profit - it really does reflect in the Americas the economic downturn that we've seen. As I said, as customers destock as volumes slow down we've seen more pallets come back into our service centre network which increased our handling and storage costs and that over time those handling and storage costs were reversed as we returned to growth and economies recover.

We've seen some increase in service centre costs but we've still been able to optimise our plant network and you'll see in the results that our transport costs in fact have come down in the period in the US business.

As we indicated at the half year results, one of the things we're focused on on capex in the USA is how do we get the commitments that we have for certain customer locations for new pallets - how do we reduce those?

We've made very good progress on that in the last six months. Part of the trade off to that is that we have seen some increase in repairs of pallets to a higher level to suit certain of those customer locations resulting in some increase - not a significant part - some increase in additional costs which is seen in today's results as well.

On the index side we have seen higher indirects but it's actually a good part of indirects in large part - that's the growth in Latin America and in LeanLogistics and you saw that the rest of the Americas was growing 9% in revenue and it's an appropriate thing for us to be continuing to invest in that growth.

Capex - and Liz will talk a lot more to the details in it than I will - in the Americas down $47 million on the prior period and that's a reflection of us flexing capex for the economic environment and a lot of that reduction came in the second half.

Turning now to the Europe, Middle East and Africa, our overall revenue was in line with the prior year, but I think that doesn't really tell the full story. The organic volumes in Europe were down 5% so slightly higher than what we've even seen in the Americas. But encouragingly our net wins are also higher. So we've had net wins in the period of $40 million and those net wins have been more than sufficient to offset any of the organic declines in our pallets and RPC volumes as a consequence of the economy in our European business.

A very similar story in Europe to what we've seen in the Americas - a lot of customer wins across a lot of sectors - Leche Pascual in dairy, Haribo in confectionary, Tarmac in DIY - do it yourself - Inergy Automotive - and I referred to that at the half year results. But it's not just in Europe that we're focused here on winning their business - it's also in the Middle East and Africa. Our Middle East business is quite small and you can ask questions of Tom about that, but in South Africa we've also won a major RPC contract with a major retailer in South Africa, Pick 'n' Pay, which you'll see benefit our revenue growth in our South African business through the course of 2010.

But of course the big challenges we've seen in the automotive business and that business is down 22% in Europe in the last 12 months. Now I think the very encouraging thing though is that I spoke to the market some time ago about our focus on investing in new territories. Two of the key territories that we talked about were Germany and in Poland and our domestic growth in 1208 pallets - that the standard European sized pallet in Germany - in the period just ended has been 20%. If you go back in the period before that it was very low and this reflects a significant focus on how do we build that business to scale in the 1208 pallets. We have a few of these in Germany but it's mainly display pallets and automotive.

Encouragingly in Poland growth there has been 60%. So I think even though we can sort of talk about the economic impact around the world, we're still seeing significant opportunities for growth whether it be in Europe or whether it be in Asia Pacific.

In terms of the underlying economy in Europe, Middle East and Africa but particularly in Europe, a similar sort of story. We have seen some increase in plant costs as more pallets come back from customers as they destock and volumes slow down. We've also consciously chosen - and we did talk about this at the Madrid presentation with shareholders a couple of months ago - we've consciously chosen to relocate more pallets from the UK back to continental Europe. That does add some P & L cost to us. In the period it's about $9 million of costs. The reason we're doing that is because there's a focus on cash conservation because it saves us pallet capex of about $35 million. You'll see both of those impacts reflected in today's results.

Of course both of those will reverse as economies recover. You won't have to do as many pallet relocations as we've chosen to do in 2009.

I think if you look at the Europe performance in particular one thing is very striking - notwithstanding the automotive decline we've been able to deliver flat revenue growth, but what is more important is the great cash performance. There's been a significant reduction in capex, a great improvement in operating cashflow and that's a reflection of the disciplined approach to capital in what has been a more challenging environment but also improved asset management. Cashflow from operations in that business was up $77 million alone in the last 12 months.

We have done a lot of restricting across the group and Europe was no exception to that. All of the programs that were part of the announcements in February are all now either fully implemented or well under way and will deliver results in line with the forecast that we gave to the market back in February.

Just turning now to Asia Pacific and again I don't think a 1% sales revenue growth really tells the full story here. There's some similarities interestingly between Asia Pacific and Europe in terms of the automotive sector. The automotive sector in Asia Pacific - this is Australia mainly - is down 23% but I think what is important to understand is that the Australian economy has clearly been doing considerably better than the rest of the world. There's no doubt about that. But I think compared to where the Australian economy was a year ago, it's somewhat weaker than it was.

Notwithstanding that, our core business of pallets and reusable plastic crates in Australia and New Zealand still grew in the period, up 2%. If you exclude the impact of automotive in the period, our overall growth for Asia Pacific was 3. I think that what is encouraging is that the growth that we all planned for in Asia we are now starting to see. So this is predominately China, soon to be India, because we now have a business there and some growth in other parts of South East Asia. Growth in that period, the year end June '09 was greater than 60%.

Now that's taken longer to get there than we expected, but I think we now have some momentum in that business that I think you'll see continued improvements over the next 12 months.

In underlying profit, the automotive decline contributed to seven percentage points of the 19% decline in operating profit and some increase in plant storage costs as more pallets came back from the market. Again, that will be temporary. As growth recovers, those pallets will go back out into the marketplace and improve our revenue.

We've taken the decision to open a new service centre in Victoria which will deliver future efficiencies for us and that cost is reflected in these year's results. We have had an impact of about $5 million for the increase in the underlying loss in China and India, predominantly India because we're in the very early phases of establishing our business there.

Our cash flow is down but this is down for a very good reason. It reflects our investment in China and India. It's now delivering more than 50% growth and our investment in RPCs, we had a major RPC contract in Australia that will underpin our RPC business for the next few years.

Turning to recall, I think the key message here, what's happened to the core of our business? The core of our business is the document management solutions, so this is files stored in cartons for our customers and that represents probably 60% of our total business and it's the business for which we're probably the best known. We've got some other very exciting parts of our business as well, but it's the largest part.

The key component of that is that that business is grown 6% year on year. If you go back to the previous year and the year before that and the year before that, it was also growing. So even though we've had an economic decline, we've continued to see growth in our core DMS business and not only that, our growth margins are up. Not a whole lot, but up one percentage point and Elton's promised they're going to be a lot better, aren't they Elton?

But we've had to deal with the impact of the economy on secured production services. It impacts us two ways. SDS business in Recall is down 13% of the revenue level. It's lower activity and interestingly lower activity, particularly from financial services impacts not only SDS, so there's less things happening. Banks are writing less mortgages and so on, so there's less paper to be destroyed. But that's also impacting to some extent our DMS business. Our DMS business is growing still.

But also we've seen a big drop in paper prices around the world, not unlike other commodity declines. The US for example, has gone from about US$200 a tonne, to about 100. One thing I know will happen: as economies recover, activity levels will pick up and paper prices will pick up. How far they'll go up, I don't know, but go up they will.

While it has been a challenging business for us to deal with in 2009, Recall has responded to that by doing a lot of cost initiatives through the business in the course of '09. As a consequence of that, I think I'm pretty pleased overall with the performance in Recall. We've chosen during the period to spend some more money in information technology and marketing to help underpin the future of that business as well.

We're also continuing to invest in new information centres and for those of you who have seen either our Greystone facility here or our facilities in Europe, that's all about reducing our cost per carton for the future and we'll continue to make appropriate investments in information centres over the course of the next couple of years.

The issues that I spoke to the market about in February, the key message here is they're all on track and in many cases ahead. In the restructuring we targeted to reduce our overall workforce by about 6%. It'll actually end up begin slightly lower, about 5%, about 600 people. The cost will also be marginally lower. We indicted a range of 60 to 70 million, that will now be about US$60 million, 54 million of which we've incurred in the FY09 year, so there's a little bit still to go.

But most importantly, the savings that we targeted which were the range of $40 million to $50 million on an annualised basis from

2011 onwards when it's fully implemented, are very much still in line with our previous forecast and you'll see some of those savings, a large proportion of them turn up in 2010. So I think we're very pleased with how those programs have gone and that's affected pretty much every region in the world to some extent.

The pallet scrapping program that we announced at the half year is very much on track. This is the seven million pallets that we're taking out of the system and we're probably, as at the end of July, slightly ahead of that program and that is progressing quite well.

We have, as you know, continued our investment in pallet quality in the United States and in the period, the total operating cost of that in FY09 was $77 million and a capex amount of $5 million, pretty much in line with what we communicated to the market some six months ago.

We continue to get good feedback from customers on the progress that we're making on pallet quality and I've spent a lot of time in the US, obviously Jim and Kevin have and I think I continue to be quite encouraged by the positive response we're getting from customers, but also helps in our thinking on how we look at the US review, which I'll talk about shortly.

I think one thing that is very pleasing is Walmart and it's a very different story to 18 months ago. We've now pretty much successfully implemented the whole Walmart transition and we are working very closely with Walmart and another third party service provider around a number of reverse logistic centres and I think they're very pleased with the feedback they give us. They're very pleased with the progress that we've made on that front and certainly our relationship with Walmart we're very pleased with. We'll look to see what lessons we can learn out of the efficiencies that we're driving out of those sorts of reverse logistics centres to see how we can apply that to the rest of our business going forward. So very pleased with that and that program was completed slightly under our original cost as well.

The USA review that we announced in February is very much on track. Originally it was going to be completed at the end of December. We announced in Madrid recently that we would bring that forward to the end of September and the conclusions from that review we expect will be announced to the market some time early October. Like we've had with the continued investment pallet quality, we've had some very positive engagement with customers, not so much to understand what their current requirements are, because I think we know those extremely well, but what do we understand and what trends do they see in the future supply chain and how do we make sure that for the medium to long term we can deliver them a service offering that meets all their future requirements?

I think that one thing that is absolutely clear and we felt it was clear before, but I think we've done a lot more work as well and the wood pallet platform, in our view, remains the best solution both environmentally and economically for the broad supply chain. Alternative platforms, whether they be plastic or other materials, are not currently sustainable beyond niche market. It doesn't mean that they won't exist, but they need to be sustainable for the benefit of the supply chain and us as the potential pooler for them to be effective.

The conclusion out of all of that is wood is here to stay. It doesn't mean that we won't continue to look at alternatives. As most of you know, plastic is a good example. We have some plastic pallets in Europe, we have some in the US. We actually launched our pool in China with plastic. So we understand plastic very well and we understand the economics of operating plastic in a pooling environment very well. There's no question in my mind that wood is the right long term sustainable solution for the lowest cost for our customers in the supply chain. You'll hear more about that when we announce the conclusions of the US review in early October.

I think it's worth just reminding everyone, in terms of what's been fundamental to delivery of what I call a resilient performer in what has been a very difficult environment, what is it about the particularly the CHEP value proposition that makes a difference and it's really around making the world supply chains more efficient. Really, what does that mean? It's around delivering consistent quality as compared to the alternatives. It's around availability: as many pallets as a customer wants, whatever location they want it, whenever they want it, whatever day of the week they need it.

It's around the economics for the customer. Nobody's going to do business with us as a favour, right, we've got to save money and they save money either by lower capital expenditure or by lower transport costs. But our offering needs to be cheaper than an alternative and to deliver better value. That's why I think we continue to win new business, both in the US and in Europe.

I think what is important as well is that the absolute transparency around a pallet pooling provider. In the case of a wood pallet, we're providing one service for that. Now in Europe we have multiple platforms, but for the 48/40 pallet in the US it's one third. It's absolutely transparent what the cost is. There's no bundling, it's not mixed up with any other costs and the customers can look at how do they minimise cycle time, how do they improve returns and so on and we can work with them specifically around how they get a better economic outcome from that offering.

It's also around environmental sustainability. Wood is made from sustainable plantation forests, our pallets. It's not from a non-renewable resource. You know, I think through the economic crisis, probably been a little less focus by most parts of the world on economic sustainability - environmental sustainability. But it is still a key tenet of most of our customers' programs. Wood delivers that and certainly CHEP does in a pooling concept.

I think the extent of the deep knowledge that we have, across CHEP, across the world, remember this is 250 million pallets, plus another 50-odd million containers, 400,000 customer locations operating in 46 countries. It's unparalleled. Nobody else has that. It's that best practice that we can transfer across the group and I'll be the first one to acknowledge we can always do more. But I think that's the benefit, as customers become more global, how do we deliver a better quality service to them.

Before I hand to Liz, the key messages I think is that we are well positioned for recovery, economic recovery. We've seen in the period sales growth notwithstanding a lot of headwinds, a great outcome on cash generation, free cash flow, all cash flow from operations which is actually after significant items as well, remember, has been great. As a consequence, we've ended up with a strong balance sheet. We had a strong balance sheet before, but the extent to which we've generated more cash in the period - our debt levels have actually come down, which Liz will talk about. We do have a strong balance sheet.

All the initiatives that we proactively put in place - some of them quite difficult, you take people out of the workforce, that's personally quite a challenging thing to do. They're all in place to benefit us for the future. As a consequence, as and when we see improvements in economies and I'll talk more about this in my closing remarks, we are going to be very well placed to accelerate our financial performance as those economies recover.

On that note, let me pass to Liz to cover off all the detail on the financials and then I'll come back and then we'll take a lot of Q&A.

Liz Doherty: Thanks Mike and good morning everyone. As we've done previously, I shall mainly be talking to you about the results in constant currency as this best illustrates business performance. You will see throughout the presentation, however, that the stronger US dollar this financial year has had a significant negative translational impact on the figures reported at actual exchange rates.

As Mike has already mentioned, our businesses, CHEP and Recall, have both delivered sales growth in tough economic conditions. Sales rose 1% primarily driven by net new business wins and some price and mix. These more than offset weak organic volumes which worsened in the second half as the economic slowdown deepened. The automotive and SDS sectors were particularly hard hit. Excluding these, group sales revenue grew 3%.

Underlying profit was 8% below FY08 with the increased sales offset by (1) factors largely economic in nature, specifically automotive, SDS and the higher transport handling and storage costs associated with increased pallet return, and (2) our continued investment in growth initiatives which will position the business well for the future.

Underlying earnings per share in US cents was down 7% last year. However although we haven't shown it, if we were to restate EPS in Australian dollars, EPS would be up 3% to AU51.7 cents. Statutory EPS was down 29% with the main variances from underlying EPS being significant items and the adverse impact of foreign exchange translations.

Cash flow from operations after including significant items within the ordinary activities, that is Walmart and the US pallet quality program, was strong with an increase of $8 million versus the prior comparable period. This demonstrates our ability to flex capital expenditure appropriately and underlines the resilience of our business model to market downturn.

Brambles Value Added, as you will recall, is a measure which represents the value generated over and above the cost of capital used to generate that value. FY09, while down on the previous yeah BVA, was strongly positive at 334 million.

Turning to underlying profit in a bit more detail, group underlying profit was just under one billion at 987 million, a reduction year on year of approximately 85 million. Volume price and mix contributed a positive 72 million and broadly offset cost inflation, some increase in indirects and the continued investment in growth opportunities. However the impact of the recession on the automotive and SDS sectors, which together accounted for 39 million and an increase in cost of $47 million, mainly associated with more pallet returns and relocations, resulted in a reduction year on year of 85 million.

As Mike pointed out earlier, it's worth reminding here that in cash terms, the P&L cost of the decision to relocate pallets rather than purchase new ones were more than offset by the consequent reduction in capex.

Moving from underlying profit to statutory operating profit, we have already announced a number of major initiatives designed to support future profitability. As at the interim results, these have been reported as significant items and have been excluded from underlying profit. All the initiatives are on track and in line with guidance provided at the interim results.

The one exception is the foreign exchange gain on capital repatriation which was a little over 29 million at the half year. A further 47 million gain was recorded in the second half bringing the full year amount to 77 million. Significant items, together with a translation impact of adverse foreign exchange movements account for the difference between the 8% year on year reduction in underlying costs at constant exchange rates and the 30% reported drop in statutory profit at actual exchange rates.

Looking now at the CHEP business results, total sales revenue at 3.3 billion was up 1%. CHEP Americas grew at 2% with significant net new business wins and moderate price mix gains offsetting a decline in organic volume. Within the Americas CHEP USA was flat. Net new business wins contributed 3% volume growth largely offsetting a 4% decline in organic volume. In Canada, sales revenue grew 4% and Latin America continued to grow strongly at 12%. The America sales revenue also benefited from the first full year's contribution from LeanLogistics, which grew revenue by more than 20% on a comparable basis.

In CHEP EMEA growth was in line year on year. Nevertheless, this was a robust performance with net new business wins and mix offsetting a 5% decline in organic volume. A major contributor to the organic drop was automotive, which declined significantly from October 2008 until recently stabilising at lower levels. Excluding automotive, EMEA growth was up 2%. Within EMEA CHEP Europe sales growth was down 1% but up 1% if you exclude automotive. CHEP EMEA grew strongly at 16%.

In CHEP Asia-Pacific sales grew 1%. As in the EMEA, Australia was particularly hit by the automotive sector slowdown. Excluding automotive sales revenue grew by 3%. Underlying profit of $823 million was down 8%, mainly due to the impact of the decline in automotive in Europe and Australia, more pallet relocations in Europe, which benefited cash, and higher plant costs driven by higher pallet returns as the economy slowed. Investments continued in China, India, Poland and Germany. Underlying profit margin declined 2 percentage points from 27 to 25%.

This slide breaks up the CHEP sales growth by service line. Not only does this clearly show the impact of the recession on the automotive sector, but also how the severity on what is a relatively small part of the business somewhat overshadows good performances in other service lines. Pallets, which account for 89% of sales revenue grew 2% with net new wins and price mix offsetting the decline in organic volumes. RPCs grew 5% with good growth in Middle-East and Africa and Australia, both of which benefited from significant new contracts. Others, which include LeanLogistics, IBCs and CPCs grew 9% overall, principally due to LeanLogistics.

Turning now to underlying profit [bridges] for each of the business units. Firstly, CHEP Americas. Volume and price mix primarily coming from net new business wins in the USA and good performances in both Canada and Latin America, contributed $31 million to underlying profit. Transport costs decreased by $6 million, reflecting the benefits of plant network optimisation in the US. Together, these offset increased plant costs of $37 million.

Plant costs grew mainly due to the economic slowdown, which resulted in higher numbers of pallets being returned from the field. These drove increased service costs of around $10 million. There were $40 million of costs related to plant network optimisations, increased TPM activities and higher repair costs associated with converting some customer locations of new pallet commitments.

The P&L costs of the latter were more than compensated for in cash terms through lower capex, and there were some inflation costs in raw materials and nails etc of approximately $10 million. As a result of this the USA underlying plant cost ratio increased one percentage points to 26%, but this was partially compensated for by a 1% improvement up to 20% in the underlying transportation ratio and ratios for total plant and transportation costs are given in the appendix.

The increase in other costs relates to lower levels of pallet compensations in the US, a higher IPEP charge related to the timing of a significant number of pallet audits during the second half of '09 and investment in growth initiatives, specifically LeanLogistics and expansion in Latin America.

Underlying profit in CHEP EMEA was done 7% on FY08, mainly due to automotive, which accounted for five percentage points or $20 million of the overall decline. Volume and price excluding automotive contributed $20 million to underlying profit, which was more than offset by higher plant and transport costs. Greater numbers of pallets returned from the fields gave rise to higher handling and storage costs. In addition, there were inflation increases in both material and labour costs. Taken together, these resulted in plant costs of the percentage of sales increasing by one percentage points to 26%.

The decision to relocate higher numbers of 1210 pallets from the UK to Continental Europe increased transport costs, but as Mike said was effective in reducing capital expenditure on new pallets. The transportation ratio increased one percentage points to 24%. Other non-automotive costs improved year on year as a strong focus on indirect costs and some small restructuring savings more than offset inflationary increases and investments in the growth markets, Poland and Germany.

Moving now to Asia-Pacific. Underlying profit in CHEP Asia-Pacific declined by 19% due to several factors. One, substantial declines in the Australian automotive sector only partially offset by a positive contribution from pallets and RPCs. Two, supply chain destocking in Australia and New Zealand leading to higher numbers of net pallet returns reduced daily hire revenue and increased storage costs. Three, costs incurred in developing new pallets and RPC service centres – Mike referred them earlier. And four, costs associated with growth initiatives, specifically investments in China and India and the full year impact of a regional management structure to support these and other opportunities.

It's worth noting that while China and India delivered approximately $8 million of sales revenue and has made good progress, they collectively have incurred an underlying loss of approximately $18 million. This is within the guidelines that we have given you previously. This is $5 million greater than the previous year, and is primarily due to the impact of the first this year of operations in India.

Now moving to Recall. Overall sales revenue grew by 1%, mainly due to good performances in Europe and rest of world offset by a weaker outcome in the Americas, where the effects of the global economic slowdown on the secure destruction services business was most severely felt. The impact on SDS revenue of lower activity levels was exacerbated by extremely low recycled paper prices. Excluding the SDS business globally, Recall's sales revenue grew by 6%.

In the Americas revenue declined by 2%. A good performance in both document management solutions and data protection services, was insufficient to completely offset the sharp fall off in SDS. In Recall Europe, which also benefited from the full year impact of the [unclear] acquisition, the growth in DMS and DPS more than offset the drop in SDS. Rest of the world grew sales by 3%, again on the back of good growth in DMS. Underlying profit was down 3%. Nevertheless, growth margin was in line with the prior year with improvements in DMS more than offsetting the fall in SDS margins. The main reason for the $4 million decline in underlying profit was investment in information technology and marketing to support future growth.

In terms of service lines like CHEP, you can see how the severity of the impact of the recession on a relatively small part of the business, SDS, has partially eclipsed solid performances elsewhere. DMS, by far the largest sector, delivered a strong performance across all regions with revenue growth of 6% driven by an increase in carton volume, also of 6%. However, this was largely offset by the decline in secure destruction services in North America and Europe. Though still small, progress in DPS is encouraging.

In terms of profitability, overall growth margin for Recall remained broadly flat with improvement in DMS offset by the deterioration in SDS. DMS gross profit grew 8% slightly ahead of sales, and growth margins increased by 1% to 39% on the back of service delivery efficiencies in North America. This is a strong performance given lower customer activity levels in the current economic environment. By contrast, margins in SDS service line fell seven percentage points, partly due to lower efficiency as a result of reduced activity, but mainly due to the sharp drop in recycled paper prices.

This next slide simply highlights what has already been said for Recall. That the contribution from the increasing carton volumes in DMS together with an improvement in associated costs have offset the impact of the reduction in SDS. Investment in IT and marketing account for the majority of the $4 million year on year decline in underlying profit.

Turning now to cash and other financial information. A strong focus on cash throughout the year but particularly in the second half resulted in a very good performance. Free cashflow of $419 million was ahead of prior year, despite the challenging economic climate and its impact on underlying profit. After dividends, free cashflow was $142 million, well up on the previous year.

Although cashflow from continuing operations in actual currency was down $87.6 million on the previously, this was entirely due to the translation impact of foreign exchange rate movements. At constant rates, it actually rose by $8 million. This was particularly pleasing given that it also includes $74.9 million of significant items within ordinary activities, that is, the costs associated with the pallet quality programme in the USA and Wal-Mart.

A significant reduction in cash capex, which mostly occurred in EMEA, largely offset the impact of the lower EBITDA. Working capital continues to be tightly controlled across the business, with an improvement in average debtor days from 48 to 46, partially offset by a reduction in creditor days. There was no increase in bad debt write offs. Significant items outside ordinary activities, specifically the accelerated scrapping of pallets in the USA and the rationalisation of certain facilities and operations, gave rise to an outflow of $49.9 million in the period. The foreign exchange gain on the capital repatriation is a non-cash benefit, and therefore has no impact.

Lower finance costs and cash tax compared with FY08 more than offset the adverse impact of significant items outside of the ordinary course of business, and the adverse foreign exchange translation impact. The apparent reduction in dividends is almost entirely due to foreign exchange translation and the dividend reinvestment plan. Further details are given in the ASX release.

Moving onto capital expenditure. This chart and the next are prepared on an accruals basis rather than a cash basis, as it better reflects actual capital investment. If needed though, a reconciliation with cash capex can be found in the appendix. Overall, book property plant and equipment capex fell by $177 million compared by FY08. Approximately $65 million of this was due to the impact of foreign exchange translation, with the remainder due to fewer pallet purchases. This reflects both the benefit of the decision to relocate pallets in Europe rather than purchase new ones, and our ability to largely flex requirements in line with economic necessity. Pallet capex was $462 million, $157 million lower than FY08.

As I mentioned earlier as did Mike in fact, the majority of the capex reduction was due to CHEP EMEA, whose spend was 34% or $119 million lower than FY08. Actions already started in the first half continued throughout the second. In CHEP Americas there was a reduction of capex of $47 million, all of which occurred in the second half. Good progress was made on restricting imports on new pallets as well as converting certain customer locations of new pallet commitments. As we said at the interim result, the benefits from these initiatives will be reflected in fewer reductions in US capex over the next 12 months.

In CHEP Asia-Pacific the decrease in capex of $11 million is largely due to the FOREX translation. In constant currency the initial investment for the RPC contract in Australia was partially offset by lower pallet capex in China and indeed Australia.

This slide shows the same capital expenditure numbers for property plant and equipment, but breaks them down by half and it illustrates the progress that was made as we reduce capital expenditure in line with the economic environment. First half ’09 capex of $377 million was $56 million less than first half ’08. In the second half it was $295 million, $121 million lower than the same period last year.

Looking now at Brambles financial metrics. Net debt as at 30th of June 2009 was just over $2.1 billion, $283 million lower than at June 2008. Approximately one half of the reduction came from free cashflow after dividends and the other half from the foreign currency impact of translating non-US dollar denominated debt to US dollars given the stronger US dollar.

Our balance sheet is in good shape. The financial ratios remain strong and are well within the financial covenant levels required in Brambles major financing agreements. The ratio of EBITDA to net finance costs has stayed constant at around 10 times and the ratio of net debt to EBITDA has increased from 1.6 times to 1.8 times, but this is mainly due to significant items within ordinary activities.

And finally, turning to debt and credit facilities. Excellent progress has been made on refinancing bank facilities during FY09, with $1.9 billion of bank facilities renewed and $110 million raised from the US private placement debt market. This is a very pleasing result given the difficult credit markets, particularly bank credit markets, which prevailed over most of the year. The introduction of a dividend reinvestment plan with the interim dividend contributed $62 million additional funding. As a prudent measure the plan has been continued for the FY09 final dividend. There will be a 2.5% discount and it will not be underwritten.

Brambles has $3.4 billion of committed credit facilities. As at June the 30th, $2.2 billion of these facilities were drawn, leaving $1.2 billion undrawn. The $1.2 billion of undrawn credit facilities plus $0.1 billion of cash provides Brambles with ample sources of liquidity. The average term for maturity of committed credit facilities is now 3.3 years, up from 2.2 years at June '08. The board has declared a final dividend of 12.5 Australian cents per care, taking the total for the year to 30 Australian cents per share. This compares to 34.5 cents for the prior year and reflects the board's focus on prudent cash conservation in the current environment.

This, together with the expected improvement in cash generation resulting from a continued focus on capex and $1.2 billion of undrawn committed facilities, should provide additional scope to reduce future financing requirements. I'd now like to hand back to Mike for the outlook for the remainder of 2009.

Mike Ihlein: I'm going to talk about 2010. Thanks Liz. I think a few take aways. What did we really do in 2009? This is against the backdrop of the most severe economic decline that the world has seen in, you pick the period, decades, is it 20 years, 30 years, I heard the IMF talk about 70 years. But against that backdrop, we've still delivered revenue growth, we have one significant new business everywhere.

We've continued though to invest where appropriate for growth. We've seen that in China, India, in Poland, in Germany and you'll still see us continue to do that appropriately as the opportunities are identified. The initiatives that we talked about in the half year results are all well underway and that will help underpin our future performance. But what I think is particularly encouraging is the strong cash flow business delivered not only great cash outcome but has ensured that our balance sheet has remained strong.

Notwithstanding everything that we've seen in 2009, we have seen, as many market commentators have, early signs of some improving economies. Just early this week we saw discussion around France and Germany now seeing small improvements in GDP in the last quarter. Australia I think has avoided, so far, the recession and that's against the backdrop of significant declines in GDP or retail sales or however other measure you want to take, industrial output, over the course of the last year. So there are some positive signs.

I think in our own business, when we see the major businesses, particularly of the US and Europe, that we are seeing signs that the de-stocking that our customers were putting in place during the course of the last year coming to an end. Of course the de-stocking can happen in a number of ways. It happens at the consumer level, anybody in this room sort of in your own household may be holding less things in your pantry. It happens at the retail level where retailers are operating with less inventory and it happens at the manufacturing level. We think that we've seen that coming to an end.

The big question will be, when does restocking happen and over and above that, when does positive growth start to return across our key markets. But when the economies do recover, the messages I'd like you to just think about in terms of Brambles are the following: we are very well placed to benefit from that economic recovery and to accelerate our financial performance and why is that? The first thing is organic growth. We've talked about it in the US, negative 4% in the year just ended. Negative 5% in Europe and includes automotive, but even in core pallet sales in Europe it's been negative 3. Those negatives will become positives when the economies recover.

Secondly, we've won a lot of new business in the last year. We will start to get growth on that new business we've already won and not only that, we've had a strong track record in winning new business everywhere for a long period of time. The focus is just as strong on that today as it every has been and we would expect to continue to win new business across all of our businesses. Remember, the white space available in CHEP in the US, we've got a 40% penetration in grocery, so there's 60% there. In [unclear] Europe that number is 70% available, just to use two examples. The same story is in Recall.

We are investing in new regions. You've seen over 50% growth in Asia, you saw 60% growth in Poland, sounds like Poland is competing with Asia Pacific growth, but 60% growth in Poland, 20% domestic growth in Germany in 12 '08. You'll see further growth in these new markets. We are setting up our business in

Turkey, you'll see some growth out of that over the next 12 to 18 months.

Most importantly though is the issue around pallet leverage. As we've seen pallets come back into our business over the course of the last 12 months as customers de-stock and volume's slowed down, that has driven up our costs and we've talked quite a lot about that today. That will reverse. As volumes grow, those pallets will go back out into the marketplace and our overall cost structure will improve as a consequence of that.

You then layer on top of that, when the economies recover we will see an improvement in the automotive sector. How much and when, nobody's exactly sure yet, but you will see an improvement. As commodity prices improve and as economies improve, you'll see two things happen: activity levels in DMS will go up for Recall and activities level in Secure Destruction Services will go up. The paper price, all things being equal, should be higher in the future than it has been in the last 12 months.

So when I think about all of those and say, okay, nobody's exactly sure when the economy's going to recover, I expect it sooner rather than later. I would not underestimate the power of the consumers in our respective markets, particularly in the US to have a significant improvement in confidence that starts that growth again. So when I look at the potential for economic recovery I think Brambles is particularly well placed to benefit from that, in many respects much more so than any others.

On that note, I think we'll just pause there. Just remind you that Tom's available, still here, somewhere and of course all the group presidents here as well, Jim Ritchie of course who has got - not been with us all that long but has got an extensive logistics background as well to the extent that it makes sense for them to deal with questions. So I'll pass those over to them as well. So I'm happy to take questions from the floor and then of course from the web as well and online.

Question: (Simon Mitchell) Hi Mike, hi Liz. Just a question first of all on sales trends, just look like there was a major deterioration in May and June. I think the trading update for the 10 months to April CHEP revenue growth was up 2% but finished up one. It looks like it's an 8% deterioration in May and June. Is that right? I'm just wondering how that reconciles with your comments around customers potentially finishing their de-stocking process.

Mike Ihlein: Simon look May and June were not particularly strong, but also I think you need to remember the comps that we're seeing in our business this year versus last year with the significant downturn in the economy. That really started in the December quarter last year. So the comps have not been great.

The de-stocking point I think is really around - we're not saying that have we seen a return to growth for customers yet, that's a broad-based world comment, but have we seen the negative impact of de-stocking? Yes, I think we've pretty much come to an end of that.

Question: (Simon Mitchell) Okay, just a second question if I could for Liz. Just I noticed there was about a $21 million benefit to EBIT from lower depreciation, I think you've reset some of your residual values on plastic pallets and also software. Is that expected to recur from here or is that just a one-off in this year?

Liz Doherty: There's a couple of things on that one Simon. Part of it is that we actually have lower capex, so depreciation is coming down. We've increased the scrapping of pallets, so there'll be a benefit from lower depreciation on that. Yep, with RPCs, we harmonise the accounting across the group and that will give some balance there, so there'll be - it's only a timing benefit in that sense because you have a lower thing, but it actually goes on for a bit longer and we did extend, which we did at the half year, the depreciation on SAP, our core SAP system. Usually we depreciate software over seven years, but because we've already been going about seven years and we were just relaunching it into Africa, Middle East and Africa

	and only just put it into Australia, it clearly had a life, residual life beyond what we thought. So that was extended to 10 years.
	So the lower depreciation of those three things will continue but they will go on longer.
Question:	(Simon Mitchell) Okay, thank you.
Question:	(Cassandra Meagher, CBA Equities Research) Quality was the key issue in the first half, can you give us an update on just how quality of the total pool is at the moment and particular reference to what's happening in the US, specifically looking at imports as well as replacement customers? I think you said that was going along well to plan.
Mike Ihlein:	Yep, look I'll make one comment and then I might pass to Kevin or Jim Ritchie for comment. Look we did continue the quality program that we announced obviously some time ago, Cassandra and that's continued unabated through the course of the second half of 2009 and as a consequence, the average quality of the pool has continued to lift significantly as a consequence of that investment. The customer feedback has continued to be positive in response to that right through the period and I think as we come to the completion of that program, I expect the customer comments to continue to be positive.
	So Kevin, do you want to add anything to that, or Jim?
Kevin Shuba:	Nothing else to add on the quality standpoint, but to answer the question on imports, we took so actions in the back half of the year of FY09 and we'll see those benefits in FY10 as far as reductions go.
Mike Ihlein:	The other one of course that we did talk about at the half Cassandra was, you know, we get down the new pallet commitments and we've made more progress on that in terms of customer locations than the imports, in terms of the timing impact of FY09, so you've seen that in the capex levels in the results just announced.

Question: (Cassandra Meagher, CBA Equities Research) Are you able to quantify in terms of those net imports the percentage reduction in net imports or with the seven, like can give a bit of quantification around it?

Mike Ihlein: I might just remind you, the number of pallets that we said we had been purchasing in the US business that were sort of more than in theory we would like to see in this current environment was around six to seven million. We've taken our new pallet commitments, the customers' down a couple of million and we've got obviously a fair bit to do on the import front. We haven't disclosed a split between those two and I don't think it would be appropriate to do that.

Liz Doherty: I think we've actually restricted imports to about two million, that's the ongoing benefit of restricted imports to two million.

Mike Ihlein: But you'll see that benefit in FY10.

Question: ([Russell], Macquarie Equities) Just two questions quickly guys, in terms of your new customer sales in Germany, can you just perhaps give us a better idea as to whether that's mainly export driven or whether you've made any progress within Germany with the major retailers? Then secondly, just in terms of the progress you're making on scrapping those pallets. I think you mentioned 7 million over two years, you're at 800,000 in the last six months. Are you looking at changing number potentially?

Michael Roberts: I'll make on quick comment on Germany. The 20% number I've quoted is domestic, right. We're obviously chasing export business as well but it's really focusing on domestic because that's what our strategy was, and I'll get Tom to make a quick comment.

On the pallet scrapping, yeah, we're slightly ahead of our plan at this stage. We targeted $7 million. We're probably about $1.4 million, I think, as at the moment, something like that. So we're probably a little bit ahead of our plan at the moment.

Now Tom, do you want to make comment on Germany? Oh no, we're not – sorry, we're not playing this back any more, yeah. Sorry Tom.

Tom Gorman: You're absolutely correct, Mike, on Germany, that the 20% growth is all domestic and as you pointed out that's the really the market that we're trying to make progress on. So the good news, I think in FY '09 is that we have made very real progress and we continue to be optimistic for the outlook within Germany for our growth. It's very similar to the story that we took the analysts through in Madrid not too long ago when we explained sort of the white space. Winners and losers on white wood and the amount of work that we've done analytically to really develop our marketing proposal and we've had quite a bit of success so far this year, and we anticipate continuing that in the coming year.

Michael Roberts: Tom, a comment. There was a question – part of Russell's comment was relationships with retailers in effect which were a part of the key to this.

Tom Gorman: Look, I think that obviously what we're talking about is the progress that we're making with both [Arbi and Liddle]. I think there's nothing major to report today, Mike, but we can continue to progress with both across the continent.

Obviously, there's a big push in terms of product label growth and hard discounted growth and that's an area that we have to focus on the continent if we're going to grow our business. Again, nothing major to report today other than we are progressing.

Male Speaker: If you're finished there, Russell, we might go back to the phones.

Question: (Cameron McDonald, Deutsche Bank) Two questions. Just firstly on the pallet, the USA quality review, the commentary that you announced this morning says that significant items will incur another 53 I think it is in the coming year of the original plan. But it says pending the outcome of the US review. So that does imply that the US review could extend that pallet quality program as one of the outcomes?

Michael Roberts: Let me just deal with that, Cameron. No, we're not trying to send any messages one way or the other. We announced a program of $160 million. Obviously, there's a balance of that still to come which we will spend in FY10 and it just recognises that one of the elements of the US review that we are looking at is obviously one around quality. But the US review is much more than that, because it's looking at service offerings generally, our networks, our cost structures, our pricing and so on. So we're not trying to send any message, hidden or otherwise, around that.

Question: (Cameron McDonald, Deutsche Bank) Just another question on the new wins. Obviously you're facing – and you've spoken about obviously volume declines that the retailers have also suffered. What impact has that had on the pricing negotiations that you've had with either the contract renewals or new contracts?

Michael Roberts: Well, I won't comment on the particular pricing environment certainly in any one country, other than price and mix as we've indicated have been not significant but certainly have been some benefit in 2009. The way I think about the pricing environment at the moment, and I said this I think in my Madrid presentation, is that it's appropriate for us to assume that broadly speaking it's going to be tougher to get price in the next 12 months than maybe it was a year or two ago.

So we're not factoring into our budgets or forecasts any significant change in price.

Question: (Philip Wensley, Morgan Stanley) Just perhaps following on from Cameron McDonald's question there, I'm wondering if you can perhaps then give us an assurance that there will in fact be no further expenditure announced on improving the pallet quality in the US, first, and then I've got a second question, please.

Michael Roberts: On the US review, Phil, we've done an enormous amount of work in that space. We will announce the conclusions of that, and I'm not going to be drawn on it one way or the other what the outcome of that is until we are ready to announce that, which we expect to be early-October. So it would be inappropriate to comment on any one element of that, including the fact that the whole review is not yet complete anyway.

Question: (Philip Wensley, Morgan Stanley) Just a second question then. I note net operating cash flow has been quite strong, up to just over a billion dollars, but that income tax as paid during the period was only $129 million dollars, which I think is significantly less than the tax expense last year of $234 million. Why is that down so much in 2009 and such a low number?

Liz Doherty: I think there's a couple of things here. There's the impact of the significant items, which is quite a big [unclear] and you've also got some translation impacts of foreign exchange.

Question: (Philip Wensley, Morgan Stanley) Does that account for the entire reduction?

Liz Doherty: There'll be timing in there as well.

Question: (Philip Wensley, Morgan Stanley) How much is the timing?

Liz Doherty: I'd have to sit down and go and do it for last year. I haven't got the figures easy to hand. I'll have to go and do – get [Martin] if he's around to come and do reconciliation for me. I'll get back to you on that one.

Michael Roberts: The key is, there's no significant one offs that are really driving that, other than the tax impact on significant items, Phil.

Liz Doherty: Yes. I mean, the one thing you should remember though is that the foreign exchange benefit that we got under capital repatriation is also non-taxable, so that gives a benefit to statutory affected tax rate.

Question: (Andrew Gibson, Goldman Sachs JBWere) Couple of quick questions. First of all the mention around high handling and storage costs; would it be fair to say that that's the bulk of the $47 million economy-related costs that were incurred over the period?

Michael Roberts: Look, in terms of our global impact, yes, it's not all of it but it's a significant part of it, because that impact has been felt in the US, it's been felt even in Australia here and also in Europe. The US is probably the larger impact than the other two but certainly it's been felt right across the globe. So it's a significant part of that 47, yeah.

Question: (Andrew Gibson, Goldman Sachs JBWere) Are you able to…

[Aside as Gibson is disconnected]

Question: (Phil Campbell, Citi Investment Research) I'll just follow on from the Phil Wensley's question, just on the cash flow, can you just give us a little bit more detail on what caused quite a big increase in the cash generated from operations in the second half. I think it went up to over $700 million. I'm assuming it's probably a working capital movement because I looked at one of the tables in terms of a recent affiliation, but I just wanted to check if there's any other items that are boosting up that kind of cash flow from operations in the second half.

Liz Doherty: It's mainly due to reduction in cap ex. If you recall – perhaps I didn't make it very clear, but if you take…

Question: (Phil Campbell, Citi Investment Research) I'm doing it a level higher than that, the cash flow statement.

Liz Doherty: Right. Just let me have a quick look at it. Just let me have a look at the slide. It's easier for me to look. So you're talking about cash flow from before?

Question: (Phil Campbell, Citi Investment Research) It's in the cash flow statement, so that's basically the 1269 number but the repeats from customers less payments of supplies and employees.

Michael Roberts: Rather than hold up the calls now, Phil, why don't we have a look at that and just come back to you and let you know.

Question: (Phil Campbell, Citi Investment Research) No problem at all.

Question: (Paul Ryan, Evans and Partners) Just a question on pallet trend in the US. I think you've talked in the past about them averaging around about 3.3 turns a year. Can you just comment on where that's declined to. You talked to the negative operating leverage in the business, trying to get a sense of that and, B, you comment about plastic pallets remaining niche. Can you give us any indication of what proportion of your pool is turning fast enough to make plastic pallets viable, just to back up that statement you've made today, thanks.

Michael Roberts: Do you want to deal with returns, either [Kevin or Jim], I don't know, you're up to speed enough on returns, Jim, pallet returns.

Jim Ritchie: The current returns is where we finished up at FY09, is about 3.7, but we actually see that trending up right now in the business.

Michael Roberts: The thing to remember too, Paul, is that of course we've got a lot of pallets in stock, so these returns are the pallets that are actually circulating in the marketplace.

But just the question on plastic, Paul, I don't think it's appropriate to just say, oh, because we have one customer or one particular sector that may have a high turn, therefore the economics are going to work. Because remember this is a dynamic open pool, so once you put pallets, whether they're wood or plastic doesn't really matter, into a particular sector or a particular channel, or a particular customer, unless it's effectively a closed loop pool which is not really what you want to do because you make more money out of that running an open pool, if it's effectively an open pool those pallets can come out of that channel or out of that customer and go into the broader open pool.

As soon as they go into the broader open pool that's where the economics become sub-optimal because you're then exposed to higher loss rates, higher damage rates and cost of recovery of those pallets from the market.

So yes, we obviously do have high returning customers in some of the high turning FmCg customers, particularly beverage. That does not necessarily mean that it's economic for the total pool to start putting an alternative platform into that one channel. Not unless we can find a much cheaper solution in terms of how much plastic pallets cost or we can eliminate losses.

Question: (Anthony Moulder) Just a couple of questions, if I can. I'll start with the pallet quality initiatives. In the first half you flagged that you probably spent about $24 million on cap ex this financial year or FY09, a little lower at $5 million. Just any particular reason for the slower spend of the…

Michael Roberts: No, not really. It was an estimate at the time. I mean, we're trying to balance what's the appropriate amount of spend. The total program, we still expect is going to be $160 million for that program and as a consequence the current estimate is we'll spend, I think it's about 37 in opex in FY10 and 16 in capex, something like that.

Question: (Anthony Moulder) Secondly you said that there was additional costs associated with getting people off, or customers off new pallet deliveries, can you quantify that additional cost of repairs to the higher level for the pool?

Mike Ihlein: No I don't think it would be appropriate for us to do that. It's also a part year impact as well, so we're looking as to what's the right ongoing solution for those customers. That is one element of the US review that we're looking at.

Liz Doherty: It's fair to say that it was offset, it was cheaper than putting them on new pallets.

Question: (Anthony Moulder) I take the point that there's a capex saving, at the point of renegotiating those contracts, were you also able to push for any pricing improvement?

Mike Ihlein: No, this is not about pricing, this is around working with the engineers in these facilities to find an operational solution that works because at the end of the day, provided it works and the customers end up with the same service offering in terms of efficiency in their plant, price is not really up for discussion.

Question: (Anthony Moulder) Okay but it is possible that other customers will also want a higher level of pallet quality without paying for it?

Mike Ihlein: Oh look we pay attention to all the customers that we've currently got as to whether or not there are any variations in requirements because of either their light-weighting of packaging or their automation requirements and so on. We do that as a matter of course anyway. But the fact that we might do something for one particular customer location, for a particular dedicated facility does not mean that everybody does the same thing.

Question: (Anthony Moulder) Okay, thank you.

Question: (Cameron McDonald) Just a follow on question from the answer you gave to Paul Ryan about the 3.7 turns saying that you've also got a fair amount of pallets in stock. What sort of percentage of pallets in the US have you actually got in stock that are actually not in the pool at the moment for that calculation and if you were to do a like for like, what would the overall terms be?

Mike Ihlein: For the first part Cameron, I'll have to take second one on that. The first one is obviously we've got seven million at a minimum because obviously that's the amount that's subject to the scrapping program. We have had some incremental pallets that have arisen, excess to requirements, current requirements during the course of FY09, but all of those are going to go back into the pool during FY10 and 11. I just don't know what the number is taking into account the pallets that we're scrapping, but we can do that calculation and let you know.

Question: (Cameron McDonald) Okay, thanks.

Question: (Andrew Gibson) Thanks guys, look my question was around the stock turns as well, but just an extension on what you've already discussed. Would it be fair to say the impact of the economy has been more on the customers who have a lot of stock turns anyway? So is the result of that that your stock turns this year have increased and as the economy normalises, that may come back. Is that a fair way to look at it?

Mike Ihlein:	I didn't understand that. Can you address the question again Andrew?
Question:	(Andrew Gibson) Sure, okay. The impact of the economy, has it been - has it impacted to customers most who would typically have slower stock turns anyhow?
Mike Ihlein:	Oh no, no. Look I think it's been pretty broadly based, for two reasons: (1) the extent that reasonably sophisticated customers are targeting how do they save money, they've all been de-stocking and to the extent that you've got customers operating in a high growth or a low growth sector, obviously they're different. But I think most customers have been focussed on taking stock out of the supply chain and that's been pretty broad based.
Question:	(Andrew Gibson) Okay, thanks.
Facilitator:	That might wrap it up right on time.
Mike Ihlein:	Okay, anyway, we'll look forward to talking to a lot of people over the course of the next few weeks.
Facilitator:	Thanks for your attendance today, I know there's a lot of results on, so thanks for coming.
Mike Ihlein:	Morning everybody, all the best, thanks.

End of Transcript