RESULTS FOR ANNOUNCEMENT TO THE MARKET

Recall Holdings Limited

ABN 27 116 537 832

Appendix 4E

Preliminary final report for the year ended 30 June 2014

Year ended 30 June	2014 US$M	2013 US$M	% change (actual FX rates)	% change (constant FX rates)
STATUTORY RESULTS				
Results after Significant Items:				
Sales revenue	**613.7**	225.3	172%	183%
Operating profit	**74.6**	63.9	17%	26%
Profit before tax	**62.3**	63.3	-2%	7%
Profit after tax	**42.0**	43.3	-3%	5%
Profit for the year	**42.0**	43.3	-3%	5%
Profit attributable to members of the parent entity	**42.0**	43.3	-3%	5%
Basic EPS (US cents)	**20.1**	102.4	-80%	-79%
Results before Significant Items:				
Sales revenue	**613.7**	225.3	172%	183%
Underlying Profit	**113.6**	63.9	78%	88%
Underlying Profit after tax	**67.9**	43.3	57%	66%
Underlying basic EPS (US cents)	**32.5**	102.4	-68%	-66%
Final dividend* (Australian cents)	**8.0**	-		

* The 2014 final dividend is unfranked and its record date is 1 October 2014.

The financial information presented in this Appendix 4E has been prepared on the basis of statutory requirements under International Financial Reporting Standards (IFRS) and Australian Accounting Standards (AAS), such that the results of entities acquired as part of the demerger from Brambles Limited (Brambles) have only been included from their date of acquisition. Therefore, Recall's statutory financial position and financial performance as at and for the year ended 30 June 2014 includes a number of material entities not included within the 2013 financial results.

Year ended 30 June	2014 US$M	2013 US$M	% change (actual FX rates)	% change (constant FX rates)
PRO FORMA RESULTS				
Results before Significant Items:				
Sales revenue	**836.1**	807.1	4%	7%
Underlying Profit	**133.1**	135.4	-2%	4%
Underlying Profit after tax	**70.1**			
Underlying basic EPS (US cents)	**22.4**			

To assist shareholders and other stakeholders in their understanding of Recall's business as it is now structured post the demerger from Brambles, a summary of key pro forma financial information for the years ended 30 June 2014 and 2013 is provided above, and also in the ASX release and accompanying results presentation dated 25 August 2014. In the preparation of the pro forma financial information, adjustments have been made to Recall's statutory results to present a view of its performance as if the demerger had been effective from 1 July 2012. Adjustments have also been made in the pro forma financial information for both years to reflect changes in costs associated with the Company being a standalone listed entity.

PRELIMINARY FINAL REPORT
for the year ended 30 June 2014

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CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2014

	Note	2014 US$M	2013 US$M
Sales revenue	5	**613.7**	225.3
Operating expenses	5	**(539.3)**	(161.4)
Share of results of joint ventures		**0.2**	-
Operating profit		**74.6**	63.9
Finance revenue		**0.5**	0.3
Finance costs		**(12.8)**	(0.9)
Net finance costs		**(12.3)**	(0.6)
Profit before tax		**62.3**	63.3
Tax expense		**(20.3)**	(20.0)
Profit for the year		**42.0**	43.3
Profit attributable to members of the parent entity		**42.0**	43.3
Earnings per share (cents)	7		
- basic		**20.1**	102.4
- diluted		**20.0**	102.4

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	2014 US$M	2013 US$M
Profit for the year	**42.0**	43.3
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Foreign exchange differences on translation of financial statements	**11.7**	(13.5)
Cash flow hedges	**(0.7)**	-
Income tax on items that may be reclassified to profit or loss	**0.2**	-
Other comprehensive income/(loss) for the year	**11.2**	(13.5)
Total comprehensive income for the year attributable to members of the parent entity	**53.2**	29.8

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

CONSOLIDATED BALANCE SHEET
as at 30 June 2014

	Note	2014 US$M	2013 US$M
ASSETS			
Current assets			
Cash and cash equivalents	11A	**72.1**	6.1
Trade and other receivables		**177.5**	66.0
Inventories		**2.5**	0.4
Other assets		**16.1**	0.4
Total current assets		**268.2**	72.9
Non-current assets			
Other receivables		**7.4**	-
Investments		**0.7**	-
Property, plant and equipment		**432.3**	68.7
Goodwill		**651.0**	125.8
Intangible assets		**107.6**	38.0
Deferred tax assets		**0.3**	0.4
Other assets		**0.5**	0.1
Total non-current assets		**1,199.8**	233.0
Total assets		**1,468.0**	305.9
LIABILITIES			
Current liabilities			
Trade and other payables		**174.5**	36.4
Tax payable		**8.3**	0.9
Provisions		**26.3**	4.3
Total current liabilities		**209.1**	41.6
Non-current liabilities			
Borrowings	11B	**552.2**	-
Derivative financial instruments		**0.7**	-
Provisions		**10.1**	5.4
Deferred tax liabilities		**75.2**	8.0
Other liabilities		**21.3**	9.2
Total non-current liabilities		**659.5**	22.6
Total liabilities		**868.6**	64.2
Net assets		**599.4**	241.7
EQUITY			
Contributed equity	9	**545.7**	71.4
Reserves	10	**(171.2)**	(36.4)
Retained earnings		**224.9**	206.7
Total equity		**599.4**	241.7

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

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2014

	Note	2014 US$M	2013 US$M
Cash flows from operating activities			
Receipts from customers		**665.5**	251.5
Payments to suppliers and employees		**(514.4)**	(191.6)
Cash generated from operations		**151.1**	59.9
Interest and other finance costs paid		**(15.1)**	(0.6)
Interest received		**0.5**	0.3
Taxes paid, net of refunds		**(22.7)**	(2.0)
Net cash inflow from operating activities	11D	**113.8**	57.6
Cash flows from investing activities			
Payments for property, plant and equipment		**(23.7)**	(4.4)
Proceeds from sale of property, plant and equipment		**0.4**	0.1
Payments for intangible assets		**(10.9)**	(1.4)
Acquisition of subsidiaries, net of cash acquired		**(56.6)**	(0.1)
Net cash outflow from investing activities		**(90.8)**	(5.8)
Cash flows from financing activities			
Proceeds from borrowings		**617.2**	-
Repayments of borrowings		**(64.1)**	-
Payments to Brambles, net of cash in entities acquired during demerger		**(509.3)**	-
Payments to affiliates		**-**	(74.4)
Net cash inflow/(outflow) from financing activities		**43.8**	(74.4)
Net increase/(decrease) in cash and cash equivalents		**66.8**	(22.6)
Cash and deposits, net of overdrafts, at beginning of the year		**6.1**	28.9
Effect of exchange rate changes		**(0.8)**	(0.2)
Cash and deposits, net of overdrafts, at end of the year	11A	**72.1**	6.1

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Note	Contributed equity US$M	Reserves[1] US$M	Retained earnings US$M	Total US$M
Year ended 30 June 2013					
Opening balance		71.4	(22.9)	163.4	211.9
Profit for the year		-	-	43.3	43.3
Other comprehensive income		-	(13.5)	-	(13.5)
Total comprehensive income		-	(13.5)	43.3	29.8
Share-based payments:					
- expense recognised		-	0.5	-	0.5
- reversed on exercise of shares		-	(0.5)	-	(0.5)
Closing balance		71.4	(36.4)	206.7	241.7
Year ended 30 June 2014					
Opening balance		**71.4**	**(36.4)**	**206.7**	**241.7**
Profit for the year		**-**	**-**	**42.0**	**42.0**
Other comprehensive income		**-**	**11.2**	**-**	**11.2**
Total comprehensive income		**-**	**11.2**	**42.0**	**53.2**
Share-based payments:					
- expense recognised		**-**	**2.6**	**-**	**2.6**
- reversed on exercise of shares		**-**	**(2.1)**	**-**	**(2.1)**
- equity component of related tax		**-**	**0.5**	**-**	**0.5**
Common control reserve recognised in relation to demerger	3A	**-**	**(147.0)**	**-**	**(147.0)**
Transactions with owners in their capacity as owners:					
- dividends declared	8A	**-**	**-**	**(23.8)**	**(23.8)**
- issues of ordinary shares, net of transaction costs	9	**592.7**	**-**	**-**	**592.7**
- return of share capital during demerger	9	**(118.4)**	**-**	**-**	**(118.4)**
Closing balance		**545.7**	**(171.2)**	**224.9**	**599.4**

[1] Refer to Note 10 for further information on reserves.

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

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT

for the year ended 30 June 2014

NOTE 1. BASIS OF PREPARATION

This preliminary final report presents the consolidated results of Recall Holdings Limited (ABN 27 116 537 832) (the Company) and its subsidiaries (Recall or the Group) for the year ended 30 June 2014.

The consolidated financial statements on which this preliminary final report is based comply with International Financial Reporting Standards (IFRS) and have been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the requirements of the Corporations Act 2001 (Act). Recall is a for-profit entity.

The financial statements are prepared in accordance with the conventions of historical cost accounting, except for derivative financial instruments which are measured at fair value.

References to 2014 and 2013 are to the financial years ended 30 June 2014 and 30 June 2013 respectively.

As described in Note 3A, the scheme of arrangement under which Recall demerged from Brambles Limited (Brambles) was implemented on 18 December 2013. The demerger has been accounted for using predecessor accounting, such that Recall's assets and liabilities continue to be recognised at values consistent with the carrying values of those assets in Brambles' accounts immediately prior to the demerger, with no additional goodwill arising from the demerger.

The results of the entities acquired during the demerger have only been included from their date of acquisition. Consequently, 2014 amounts in the statutory financial information are not comparable with 2013.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and all comparatives have been prepared using the accounting policies set out below which are consistent with the prior year, except for the changes noted below.

Changes in accounting policies

Recall has applied the following new accounting standards and interpretations from 1 July 2013. Applying these new accounting standards and interpretations does not have a significant impact on Recall's financial statements.

AASB 10: Consolidated Financial Statements, which introduces a single definition of control that applies to all entities. The standard focuses on the need to have both power and rights or exposure to variable returns for control to be established.

AASB 11: Joint Arrangements, which introduces a principles based approach to accounting for joint arrangements. The focus has shifted from the legal structure of the joint arrangements to how the rights and obligations are shared by the parties to the joint arrangements.

AASB 12: Disclosure of Interests in Other Entities, which sets out the disclosure requirements of AASB 10 and AASB 11. Application of this standard does not impact amounts recognised in the financial statements.

AASB 13: Fair Value Measurements and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 which provides guidance on measuring fair value and aims to enhance fair value disclosures.

AASB 119: Employee Benefits, which requires all remeasurements of defined benefit plan assets and liabilities to be recognised immediately in other comprehensive income. It further requires net interest expense on net defined benefit liability to be calculated using a discount rate.

AASB 2011-4: Amendments to Remove Individual Key Management Personnel Disclosure Requirements, which removes the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and to remove a duplication of the requirements with the Corporations Act 2001.

AASB 2012-2: Disclosures - Offsetting Financial Assets and Financial Liabilities, which clarifies requirements to offset financial assets and financial liabilities in the balance sheet. The revised requirements do not affect the accounting for any of Recall's current offsetting arrangements.

Recall has early adopted AASB 2013-3: Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets, which had no overall impact on the goodwill disclosures.

Basis of consolidation

The consolidated financial statements of Recall include the assets, liabilities and results of Recall Holdings Limited and all its legal subsidiaries. The consolidation process eliminates all inter-entity accounts and transactions. Any financial statements of overseas subsidiaries that have been prepared in accordance with overseas accounting practices have been adjusted to comply with AAS before inclusion in the consolidation process. The financial statements of all material subsidiaries are prepared for the same reporting period.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognised. Any acquisition-related transaction costs are expensed in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investment in controlled entities

Shares in controlled entities, as recorded in the parent entity, are recorded at cost, less provision for impairment.

Investment in joint ventures

Investments in joint venture entities are accounted for using the equity method in the consolidated financial statements, and include any goodwill arising on acquisition. Under this method, Recall's share of the post-acquisition profits or losses of the joint venture is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

If Recall's share of losses in a joint venture equals or exceeds its interest in the joint venture, Recall does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Loans to equity accounted joint ventures under formal loan agreements are long term in nature and are included as investments. Where there has been a change recognised directly in the joint venture's equity, Recall recognises its share of any changes as a change in equity.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations

The trading results for business operations disposed during the year or classified as held for sale are disclosed separately as discontinued operations in the income statement. The amount disclosed includes any related impairment losses recognised and any gains or losses arising on disposal.

Comparative amounts for the prior year are restated in the income statement to include current year discontinued operations.

Presentation currency

The consolidated and summarised parent entity financial statements are presented in US dollars.

Recall uses the US dollar as its presentation currency because:

- a significant portion of Recall's activity is denominated in US dollars; and
- the US dollar is widely understood by Australian and international investors and analysts.

Foreign currency

Items included in the financial statements of each of Recall's entities are measured using the functional currency of each entity.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are recognised directly in equity.

The results and cash flows of Recall Holdings Limited, subsidiaries and joint ventures are translated into US dollars using the average exchange rates for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Assets and liabilities of Recall Holdings Limited, subsidiaries and joint ventures are translated into US dollars at the exchange rate ruling at the balance sheet date. The share capital of Recall Holdings Limited is translated into US dollars at historical rates. All resulting exchange differences arising on the translation of Recall's overseas and Australian entities are recognised as a separate component of equity.

The financial statements of foreign subsidiaries and joint ventures that report in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the balance sheet date before they are translated into US dollars.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Recall and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of duties and taxes paid (Goods and Services Tax and local equivalents).

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

Other income

Other income includes net gains on disposal of property, plant and equipment in the ordinary course of business, which are recognised when control of the property has passed to the buyer.

Dividends

Dividend revenue is recognised when Recall's right to receive the payment is established. Dividends received from investments in subsidiaries and joint ventures are recognised as revenue, even if they are paid out of pre-acquisition profits.

Finance revenue

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs are recognised as expenses in the year in which they are incurred, except where they are included in the cost of qualifying assets.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year. No borrowing costs were capitalised in the cost of assets in 2014 or 2013.

Pensions and other post-employment benefits

Payments to defined contribution pension schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where Recall's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

Executive and employee share-based compensation plans

Incentives in the form of share-based compensation benefits are provided to executives and employees under performance share and employee share plans approved by shareholders.

Performance share awards are fair valued by qualified actuaries at their grant dates in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Executives and employees in certain jurisdictions are provided cash incentives calculated by reference to the awards under the share-based compensation schemes (phantom shares). These phantom shares are fair valued on initial grant and at each subsequent reporting date.

The cost of such phantom shares is charged to the income statement over the relevant vesting periods, with a corresponding increase in provisions.

The fair value calculation of performance shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, Recall reviews its estimate of the number of performance shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Significant Items and Underlying Profit

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

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

Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items. It is presented within the segment information note to assist users of the financial statements to better understand Recall's business results.

ASSETS

Cash and cash equivalents

For purposes of the cash flow statement, cash includes deposits at call with financial institutions and other highly liquid investments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are presented within borrowings in the balance sheet.

Receivables

Trade receivables due within one year do not carry any interest and are recognised at amounts receivable less an allowance for any uncollectible amounts. Trade receivables are recognised when services are provided and settlement is expected within normal credit terms.

Bad debts are written-off when identified. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. Significant financial difficulties of the debtor, probability that the debtor will enter liquidation, receivership or bankruptcy, and default or significant delay in payment are considered indicators that the trade receivable is doubtful.

The amount of the provision is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. When a trade receivable for which a provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Inventories

Stock and stores on hand are valued at the lower of cost and net realisable value and, where appropriate, provision is made for possible obsolescence. Work in progress, which represents partly-completed work undertaken at pre-arranged rates but not invoiced at the balance sheet date, is recorded at the lower of cost or net realisable value.

Cost is determined on a first-in, first-out basis and, where relevant, includes an appropriate portion of overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

Recoverable amount of non-current assets

At each reporting date, Recall assesses whether there is any indication that an asset, or cash generating unit to which the asset belongs, may be impaired. Where an indicator of impairment exists, Recall makes a formal estimate of recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognised in the income statement in the reporting period in which the write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market risk adjusted discount rate.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost, net of depreciation and any impairment, except land which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of assets, and, where applicable, an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to Recall. Repairs and maintenance are expensed in the income statement in the period they are incurred.

Depreciation is charged in the financial statements so as to write-off the cost of all PPE, other than freehold land, to their residual value on a straight-line or reducing balance basis over their expected useful lives to Recall. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The expected useful lives of PPE are generally:

- buildings 50 years
- other plant and equipment (owned and leased) 3–20 years

The cost of improvements to leasehold properties is amortised over the unexpired portion of the lease, or the estimated useful life of the improvement to Recall, whichever is the shorter.

The carrying values of PPE are reviewed for impairment when circumstances indicate their carrying values may not be recoverable. Assets are assessed within the cash generating unit to which they belong. Any impairment losses are recognised in the income statement.

The recoverable amount of PPE is the greater of its fair value less costs to sell and its value in use. Value in use is determined as estimated future cash flows discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risk specific to the asset.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

PPE is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any net gain or loss arising on derecognition of the asset is included in the income statement and presented within other income in the period in which the asset is derecognised.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill represents the excess of the cost of an acquisition over the fair value of Recall's share of the net identifiable assets of the acquired subsidiary or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investments in joint ventures.

Upon acquisition, any goodwill arising is allocated to each cash generating unit expected to benefit from the acquisition. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised when the recoverable amount of the cash generating unit is less than its carrying amount.

On disposal of an operation, goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Intangible assets

Intangible assets acquired are capitalised at cost, unless acquired as part of a business combination in which case they are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less provisions for amortisation and impairment.

The costs of acquiring and developing computer software for internal use are capitalised as intangible non-current assets where it is used to support a significant business system and the expenditure leads to the creation of a durable asset.

Useful lives have been established for all non-goodwill intangible assets. Amortisation charges are expensed in the income statement on a straight-line basis over those useful lives. Estimated useful lives are reviewed annually.

The expected useful lives of intangible assets are generally:

- customer lists and relationships	3–20 years
- computer software	3–10 years

There are no non-goodwill intangible assets with indefinite lives.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

LIABILITIES

Payables

Trade and other creditors represent liabilities for goods and services provided to Recall prior to the end of the financial year which remain unpaid at the reporting date. The amounts are unsecured and are paid within normal credit terms.

Non-current payables are discounted to present value using the effective interest method.

Provisions

Provisions for liabilities are made on the basis that, due to a past event, the business has a constructive or legal obligation to transfer economic benefits that are of uncertain timing or amount.

Provisions are measured at the present value of management's best estimate at the balance sheet date of the expenditure required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks appropriate to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Recall has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee entitlements

Employee entitlements are provided by Recall in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, sick leave, long service leave and contract entitlements. Annual leave and sick leave entitlements are presented within trade and other payables.

Liabilities for annual leave, as well as those employee entitlements which are expected to be settled within one year, are measured at the amounts expected to be paid when they are settled. All other employee entitlement liabilities are measured at the estimated present value of the future cash outflows to be made in respect of services provided by employees up to the reporting date.

Dividends

A provision for dividends is only recognised where the dividends have been declared prior to the reporting date.

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments under operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

Finance leases

Finance leases, which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to Recall, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, present value of the minimum lease payments, and disclosed as property, plant and equipment held under lease. A lease liability of equal value is also recognised.

Lease payments are allocated between finance charges and a reduction of the lease liability so as to achieve a constant period rate of interest on the lease liability outstanding each period. The finance charge is recognised as a finance cost in the income statement. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income tax

The income tax expense or benefit for the year is the tax payable or receivable on the current year's taxable income based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, calculated using tax rates which are enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are not recognised:

- where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of temporary differences associated with investments in subsidiaries and joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Current and deferred tax attributable to amounts recognised directly in equity are also recognised directly in equity.

Financial assets

Recall classifies its financial assets in the following two categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are recognised on Recall's balance sheet when Recall becomes a party to the contractual provisions of the instrument. Derecognition takes place when Recall no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivatives and hedging activities

Derivative instruments used by Recall, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, forward rate agreements and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of Recall's existing underlying exposure in line with Recall's risk management policies.

Derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturities at the balance sheet date. The fair value of interest rate swap contracts is calculated as the present value of the forward cash flows of the instrument after applying market rates and standard valuation techniques.

For the purposes of hedge accounting, hedges are classified as either fair value hedges, cash flow hedges or net investment hedges.

Fair value hedges

Fair value hedges are derivatives that hedge exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment. In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

Hedge accounting is discontinued prospectively if the hedge is terminated or no longer meets the hedge accounting criteria. In this case, any adjustment to the carrying amounts of the hedged item for the designated risk for interest-bearing financial instruments is amortised to the income statement following termination of the hedge.

Cash flow hedges

Cash flow hedges are derivatives that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

In relation to cash flow hedges to hedge forecast transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net investment hedges

Hedges for net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Where derivatives do not qualify for hedge accounting, gains or losses arising from changes in their fair value are taken directly to net profit or loss for the year.

Contributed equity

Ordinary shares including share premium are classified as contributed equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of Recall's own equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds of issue.

Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members of the parent entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and finance costs associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

In the event of a change in number of ordinary shares without a corresponding change in resources (e.g. share split and share consolidation), the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

EPS on Underlying Profit after finance costs and tax is calculated as Underlying profit after finance costs and tax attributable to members of the parent entity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

New accounting standards and interpretations issued but not yet applied

At 30 June 2014, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. Recall has not early-adopted these new or amended accounting standards and interpretations in 2014.

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 are applicable to annual reporting periods beginning on or after 1 January 2017. AASB 9 addresses the classification, measurement and derecognition of financial assets and liabilities and may affect Recall's accounting for financial assets and liabilities. Recall does not expect that this standard will have a significant impact on its financial statements.

IFRS 15: Revenue from Contracts with Customers is applicable to annual reporting periods beginning on or after 1 January 2017. IFRS 15 provides a single, comprehensive revenue recognition model for all contracts with customers. Recall has not yet determined the potential impact of this standard on its financial statements and disclosures.

AASB 2012-3: Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities is effective for reporting periods beginning on or after 1 January 2014 and clarifies requirements to offset financial assets and financial liabilities in the balance sheet. The revised requirements do not affect the accounting for any of Recall's current offsetting arrangements.

Rounding of amounts

As Recall is a company of a kind referred to in ASIC Class Order 98/100, relevant amounts in the preliminary final report have been rounded to the nearest hundred thousand US dollars, unless otherwise stated.

NOTE 3. BUSINESS COMBINATIONS

A) DEMERGER

The scheme of arrangement for the demerger of Recall became effective on 9 December 2013 and the Company was listed as a separate standalone entity on the Australian Securities Exchange on 10 December 2013. The demerger was implemented on 18 December 2013 resulting in the final separation of Recall from Brambles.

The demerger required Brambles to undertake an internal corporate restructure prior to it becoming effective, and resulted in several entities becoming subsidiaries of the Company prior to the demerger. In addition, a number of assets and liabilities were transferred between Brambles and Recall.

Recall's statutory financial information for 2014 and 2013 presents Recall's performance in compliance with statutory reporting obligations, such that the results of the entities acquired during the demerger are only included from their date of acquisition by Recall. In addition, Recall's statutory financial results for 2014 reflect changes in operating and corporate costs associated with the Company becoming a standalone listed entity from December 2013. Consequently, the statutory financial information does not give a view of the full year performance of Recall as it is currently structured.

BUSINESSES ACQUIRED ON DEMERGER

As part of the demerger from Brambles, certain legal entities were acquired by Recall, as described in Note 15. These transactions occurred while under the control of Brambles and for consolidation purposes have been accounted for as transactions between entities under common control. Acquisition accounting was not applied, assets and liabilities have not been remeasured to fair value nor has any goodwill arisen. Rather, Recall has elected to account for business combinations under common control at carrying value in Brambles' financial statements. Accordingly, all assets and liabilities acquired by Recall as a result of the demerger have been recognised at values consistent with their carrying value in Brambles' financial statements immediately prior to the demerger.

The common control reserve within equity represents the excess of the consideration paid in respect of the common control transactions over the carrying value of the net assets acquired as below:

	US$M
Consideration paid	683.7
Less: net identifiable assets acquired	(536.7)
Common control reserve recognised	**147.0**
Assets acquired and liabilities assumed:	
Cash and cash equivalents	60.6
Trade and other receivables	154.8
Investments	0.6
Property, plant and equipment	350.3
Goodwill and other intangible assets	550.1
Other assets	21.2
Amounts payable to Brambles	(318.8)
Trade and other payables	(187.3)
Deferred tax liabilities (net)	(63.6)
Other liabilities	(31.2)
Net identifiable assets acquired	**536.7**

NOTE 3. BUSINESS COMBINATIONS - CONTINUED

B) BUSINESS COMBINATIONS

On 1 May 2014, Recall acquired CitiStorage LLC, a leading records management company for a purchase consideration of US$48.3 million. Based on provisional acquisition accounting data (which will be finalised by May 2015), net identifiable assets acquired were US$20.8 million, resulting in goodwill of US$27.5 million. The fair value of assets acquired and liabilities assumed were:

	US$M
Property, plant and equipment	10.5
Customer contracts	9.0
Trade and other receivables	5.0
Cash and cash equivalents	0.8
Trade and other payables	(1.5)
Deferred tax liabilities (net)	(1.9)
Deferred revenue	(1.6)
Other assets	0.5
Net identifiable assets acquired	**20.8**

The goodwill is attributable to the profitability of the acquired business and anticipated synergies with Recall's existing Document Management Services business.

Since acquisition to 30 June 2014, CitiStorage LLC's revenue and operating profit were US$4.1 million and US$1.0 million respectively. If the acquisition had occurred on 1 July 2013, Recall's revenue and operating profit for the year ended 30 June 2014 would have been higher by US$20.9 million and US$6.0 million respectively.

There were no other material business combinations in 2014 or 2013.

NOTE 4. SEGMENT INFORMATION

Recall's segment information is provided on the same basis as internal management reporting to the CEO (chief operating decision maker) and reflects how Recall is organised and managed.

Recall has four reportable segments being Americas, Europe, Australia and New Zealand (ANZ) and Asia. Recall HQ (corporate centre) is presented separately in segment disclosures below.

Segment performance is measured on sales and Underlying Profit. Underlying Profit is the main measure of segment profit. A reconciliation between Underlying Profit and operating profit is set out below.

Segment sales revenue is measured on the same basis as in the income statement. Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the year was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue in 2014 or 2013.

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, equity accounted investments and tax balances are managed centrally and are not allocated to segments.

	Sales revenue	
	2014 US$M	2013 US$M
By operating segment		
Americas	**217.0**	4.1
Europe	**152.5**	-
ANZ	**198.3**	221.2
Asia	**45.9**	-
Recall operations	**613.7**	225.3
Recall HQ	**-**	-
Total	**613.7**	225.3
By geographic origin		
Americas	**217.0**	4.1
Europe	**152.5**	-
Australia	**177.2**	199.9
Other	**67.0**	21.3
Total	**613.7**	225.3
By service line		
Document Management Services (DMS)	**470.8**	165.4
Secure Destruction Services (SDS)	**64.2**	33.2
Data Protection Services (DPS)	**78.7**	26.7
Total	**613.7**	225.3

	Operating profit[1]		Significant Items before tax[2]		Underlying Profit[2]	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment						
Americas	**14.8**	1.0	**(16.6)**	-	**31.4**	1.0
Europe	**6.5**	-	**(4.3)**	-	**10.8**	-
ANZ	**41.2**	62.9	**(3.4)**	-	**44.6**	62.9
Asia	**7.7**	-	**(0.4)**	-	**8.1**	-
Recall operations	**70.2**	63.9	**(24.7)**	-	**94.9**	63.9
Recall HQ[3]	**4.4**	-	**(14.3)**	-	**18.7**	-
Total	**74.6**	63.9	**(39.0)**	-	**113.6**	63.9

NOTE 4. SEGMENT INFORMATION - CONTINUED

	Capital expenditure[4]		Depreciation and amortisation	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment				
Americas	**16.9**	0.6	**14.1**	0.3
Europe	**6.7**	-	**9.8**	-
ANZ	**4.6**	5.2	**11.8**	12.8
Asia	**2.7**	-	**4.6**	-
Recall operations	**30.9**	5.8	**40.3**	13.1
Recall HQ	**3.7**	-	**6.8**	-
Total	**34.6**	5.8	**47.1**	13.1

	Segment assets		Segment liabilities	
	2014 US$M	2013 US$M	2014 US$M	2013 US$M
By operating segment				
Americas	**591.6**	26.5	**74.1**	5.2
Europe	**334.1**	-	**84.0**	-
ANZ	**248.8**	272.9	**38.6**	50.1
Asia	**195.8**	-	**13.4**	-
Recall operations	**1,370.3**	299.4	**210.1**	55.3
Recall HQ	**24.6**	-	**22.8**	-
Cash and borrowings	**72.1**	6.1	**552.2**	-
Current tax balances	**-**	-	**8.3**	0.9
Deferred tax balances	**0.3**	0.4	**75.2**	8.0
Equity-accounted investments	**0.7**	-	**-**	-
Total assets and liabilities	**1,468.0**	305.9	**868.6**	64.2

Non-current assets by geographic origin[5]		
Americas	**518.9**	7.7
Europe	**259.2**	-
Australia	**210.2**	211.8
Other	**211.2**	13.1
Total	**1,199.5**	232.6

1 Operating profit is segment revenue less segment expense and excludes net finance costs.

2 Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items (refer to Note 6). It is presented to assist users of the financial statements to better understand Recall's business results.

3 Recall HQ was acquired during the demerger in November 2013 and consequently, Recall HQ's operating profit for 2014 is impacted by timing of cost allocations.

4 Capital expenditure is presented on an accruals basis and includes expenditure on property, plant & equipment and intangibles.

5 Non-current assets exclude financial instruments and deferred tax assets.

NOTE 5. PROFIT FROM ORDINARY ACTIVITIES

	2014 US$M	2013 US$M
A) REVENUE		
Sales revenue	**613.7**	225.3
Total revenue	**613.7**	225.3
B) OPERATING EXPENSES		
Employment costs	**198.6**	46.2
Service suppliers:		
- travel and transport	**45.4**	24.5
- repairs and maintenance	**10.7**	2.6
- subcontractors and other service suppliers	**67.8**	13.9
Raw materials and consumables	**15.7**	4.0
Occupancy	**111.1**	39.1
Insurance	**10.0**	1.2
Depreciation of property, plant and equipment	**31.0**	8.8
Write-off of assets	**8.1**	-
Amortisation of intangible assets and deferred expenditure	**16.1**	4.3
Loss on sale of property, plant and equipment (net)	**0.2**	-
Other	**24.6**	16.8
Total operating expenses	**539.3**	161.4

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT
for the year ended 30 June 2014 - continued

NOTE 6. SIGNIFICANT ITEMS

Significant Items are items of income or expense which are, either individually or in aggregate, material to Recall 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 reorganisation 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 Recall's business results.

	2014 US$M		
	Before tax	**Tax**	**After tax**
Items outside the ordinary course of business:			
- demerger related expenses[a]	**(16.7)**	**5.6**	**(11.1)**
- restructuring[b]	**(17.1)**	**5.6**	**(11.5)**
- acquisitions related expenses[c]	**(1.9)**	**0.6**	**(1.3)**
- write-off of assets[d]	**(3.3)**	**1.3**	**(2.0)**
Significant Items	**(39.0)**	**13.1**	**(25.9)**

[a] Demerger related expenses mainly comprise the following:
- legal and professional fees;
- one-time bonus in relation to the successful completion of the demerger;
- share-based payments under Brambles' share plans; and
- share-based payments relating to one-off grants of rights to the CEO and other Recall executives upon demerger.

[b] Restructuring expenses comprise:
- site consolidation provision of US$15.3 million. This provision relates to the Facility Optimisation Program (the Program) announced by Recall in June 2014. The Program involves consolidating existing facilities or downsizing under-utilised sites in North America and France; and
- one-off costs relating to exiting a facility in North America.

[c] These expenses were incurred in relation to acquisitions completed or being pursued by Recall.

[d] Subsequent to the demerger, Recall identified certain intangible assets (mainly software) from which no future economic benefits are expected to arise and therefore, these assets were written off.

There were no significant items in 2013.

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT
for the year ended 30 June 2014 - continued

NOTE 7. EARNINGS PER SHARE

	2014 US cents	2013 US cents
Earnings per share		
- basic	**20.1**	102.4
- diluted	**20.0**	102.4
- basic, on Underlying Profit after finance costs and tax	**32.5**	102.4

Performance share rights granted under the Recall Performance Share Plan 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.

	2014 million	2013 million
A) WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR		
Used in the calculation of basic earnings per share[1]	**208.7**	42.3
Adjustment for share rights	**1.1**	-
Used in the calculation of diluted earnings per share	**209.8**	42.3

[1] Number of shares used in the EPS calculation for 2013 has been adjusted for the share split and consolidation in 2014.

	2014 US$M	2013 US$M
B) RECONCILIATION OF PROFITS USED IN EPS CALCULATIONS		
Statutory profit		
Profit for the year	**42.0**	43.3
Underlying Profit after finance costs and tax		
Underlying Profit (Note 4)	**113.6**	63.9
Net finance costs	**(12.3)**	(0.6)
Underlying Profit before tax	**101.3**	63.3
Tax expense on Underlying Profit	**(33.4)**	(20.0)
Underlying Profit after finance costs and tax	**67.9**	43.3
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**67.9**	43.3
Significant Items after tax (Note 6)	**(25.9)**	-
Profit from continuing operations	**42.0**	43.3

NOTE 8. DIVIDENDS

A) DIVIDENDS PAID DURING THE YEAR

As part of the demerger process, Recall Holdings Limited paid a dividend of US$23.8 million to Brambles on 18 December 2013. This dividend was not franked.

No dividends were paid or declared during 2013.

B) DIVIDENDS DETERMINED AFTER REPORTING DATE

	Final 2014
Dividend per share (in Australian cents)	**8.0**
Franked amount at 30% tax (in Australian cents)	**-**
Payment date	**23 October 2014**
Dividend record date	**1 October 2014**

As this dividend had not been declared at the reporting date, it is not reflected in these financial statements.

NOTE 9. ISSUED AND QUOTED SECURITIES

	Options	Ordinary securities	
	Number	Number	US$M
At 1 July 2013	-	73,000,002	71.4
Issued during the year	5,590,171	466,977,132	592.7
Return of capital during demerger	-	-	(118.4)
Effect of share split and consolidation	-	(227,140,686)	-
Exercised during the year	(525,035)	-	-
Forfeited/lapsed during the year	(80,635)	-	-
At 30 June 2014	**4,984,501**	**312,836,448**	**545.7**

Ordinary shares of Recall Holdings Limited entitle the holder to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of shares held.

NOTE 10. RESERVES

A) MOVEMENTS IN RESERVES

	Hedging US$M	Share-based payments US$M	Foreign currency translation US$M	Common control US$M	Total US$M
Year ended 30 June 2013					
Opening balance	-	2.5	7.1	(32.5)	(22.9)
Foreign exchange differences	-	-	(13.5)	-	(13.5)
Share-based payments:					
- expense recognised during the year	-	0.5	-	-	0.5
- reversed on exercise of shares	-	(0.5)	-	-	(0.5)
Closing balance	-	2.5	(6.4)	(32.5)	(36.4)
Year ended 30 June 2014					
Opening balance	**-**	**2.5**	**(6.4)**	**(32.5)**	**(36.4)**
Recognised in relation to demerger (Note 3A)	**-**	**-**	**-**	**(147.0)**	**(147.0)**
Foreign exchange differences	**-**	**-**	**11.7**	**-**	**11.7**
Cash flow hedges:					
- fair value losses	**(0.7)**	**-**	**-**	**-**	**(0.7)**
- tax on fair value losses	**0.2**	**-**	**-**	**-**	**0.2**
Share-based payments:					
- expense recognised during the year	**-**	**2.6**	**-**	**-**	**2.6**
- shares issued	**-**	**(2.1)**	**-**	**-**	**(2.1)**
- equity component of related tax	**-**	**0.5**	**-**	**-**	**0.5**
Closing balance	**(0.5)**	**3.5**	**5.3**	**(179.5)**	**(171.2)**

B) NATURE AND PURPOSE OF RESERVES

Hedging reserve

This comprises the cumulative portion of the gain or loss of cash flow hedges that are determined to be effective hedges. Amounts are recognised in the income statement when the associated hedged transaction is recognised or the hedge or a portion thereof becomes ineffective.

Share-based payments reserve

This comprises the cumulative share-based payment expense recognised in the income statement in relation to equity-settled options and share rights issued but not yet exercised.

Foreign currency translation reserve

This comprises cumulative exchange differences arising from the translation of the financial statements of the Company and its subsidiaries (net of qualifying net investment hedge) from their functional currency to the presentation currency i.e. US dollars. When a subsidiary or an operation is disposed, the accumulated balance in the reserve relating to the subsidiary or the operation is recognised in the income statement.

Common control reserve

Business combinations involving entities or businesses under common control are outside the scope of AASB 3: Business Combinations. A number of common control transactions took place in 2012 or as part of the demerger and have been accounted for using predecessor accounting, without recognition of additional goodwill. The common control reserve represents the excess of the consideration paid in those common control transactions over the carrying value of the net assets acquired.

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT
for the year ended 30 June 2014 - continued

NOTE 11. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

	2014 US$M	2013 US$M
A) RECONCILIATION OF CASH		
Cash at bank and in hand	**72.1**	6.1
	72.1	6.1
B) BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS		
Total facilities:		
- unsecured bank loans[1]	**800.0**	-
- bank overdraft arrangements[3]	**16.0**	-
	816.0	-
Facilities used at reporting date:		
- unsecured bank loans[1,2]	**556.4**	-
- bank overdraft arrangements[3]	**-**	-
	556.4	-
Facilities available at reporting date:		
- unsecured bank loans[1]	**243.6**	-
- bank overdraft arrangements[3]	**16.0**	-
	259.6	-

1 Unsecured bank loans include revolving credit loans in various currencies priced off of London Interbank Offered Rate (LIBOR) and other equivalent base rates, drawn under a global multi-currency banking facility with two US$400 million tranches maturing in December 2016 and December 2018. The total facility size is US$800 million and is backed by a syndicate of banks.

2 As at 30 June 2014, the amount of borrowings in the consolidated balance sheet is net of US$4.2 million of capitalised borrowing costs.

3 Prior to the demerger, Recall was covered under Brambles' bank overdraft facility and did not have any standalone bank overdraft facilities of its own.

C) NON-CASH FINANCING OR INVESTING ACTIVITIES
There were no financing or investing transactions during the year which have had a material effect on the assets and liabilities of Recall that did not involve cash flows.

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT
for the year ended 30 June 2014 - continued

NOTE 11. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

	2014 US$M	2013 US$M
D) RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	**42.0**	43.3
Adjustments for:		
- depreciation and amortisation	**47.1**	13.1
- tax expense	**20.3**	20.0
- net finance costs	**12.3**	0.6
- net loss on disposal of property, plant and equipment	**0.2**	-
- write-off of assets	**8.1**	-
- equity-settled share-based payments	**2.6**	0.5
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- change in trade and other receivables	**(22.0)**	2.2
- change in prepayments	**3.5**	(0.5)
- change in inventories	**(0.4)**	0.1
- change in trade and other payables	**21.0**	(1.3)
- change in deferred taxes and tax payable	**(2.7)**	(18.0)
- change in provisions	**19.1**	(0.1)
Cash generated from operations	**151.1**	59.9
Interest and other finance costs paid	**(15.1)**	(0.6)
Interest received	**0.5**	0.3
Taxes paid, net of refunds	**(22.7)**	(2.0)
Net cash inflow from operating activities	**113.8**	57.6

NOTE 12. NET TANGIBLE ASSETS PER SHARE

	2014 US dollars	2013 US dollars
Net tangible assets per share	**(0.51)**	1.07
Net assets per share	**1.92**	3.31

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets, by the number of shares on issue at year 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 year end.

NOTE 13. CONTINGENT LIABILITIES

a) Certain Recall entities have contingent unsecured liabilities in respect of guarantees and stand by letters of credit relating to performance under contracts entered into totalling US$45.0 million (2013: US$11.6 million).

b) Environmental contingent liabilities

Recall's activities have included the treatment and disposal of hazardous and non-hazardous waste. In addition, other activities of Recall entail using, handling and storing materials which are capable of causing environmental impairment.

As a consequence of the nature of these activities, Recall has incurred and may continue to incur environmental costs and liabilities associated with site and facility operation, closure, remediation, aftercare, monitoring and licensing. Provisions have been made in respect of estimated environmental liabilities at all sites and facilities where obligations are known to exist and can be reliably measured.

However, additional liabilities may emerge due to a number of factors including changes in the numerous laws and regulations which govern environmental protection, liability, land use, planning and other matters in each jurisdiction in which Recall operates or has operated. These extensive laws and regulations are continually evolving in response to technological advances, scientific developments and other factors. Recall cannot predict the extent to which it may be affected in the future by any such changes in legislation or regulation.

c) In the ordinary course of business, Recall becomes involved in litigation. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably quantified. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.

d) In June 2012, a third party facility leased by Recall suffered significant structural damage resulting in the facility becoming non-operational. Consequently, Recall has and will continue to incur costs associated with the incident and the relocation of operations to a new facility. Provision, net of insurance proceeds received, has been made in respect of Recall's obligations that are known to exist and can be reliably measured. The provision is Recall's current best estimate of the costs it will incur arising from this matter. There are, however, a number of aspects relating to this matter, including potential insurance coverage issues arising from litigation, which have not been finalised and a number of parties are involved in their resolution. At the date of this report, it is not possible to determine when all of these aspects will be finalised.

e) Recall Holdings Limited and certain of its Australian subsidiaries are parties to a deed of cross guarantee (the Deed) which provides relief to those subsidiaries from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

None of the subsidiaries which are a party to the Deed are in the process of being wound up as at the date of authorisation of this report.

f) In January 2002, a fire destroyed Recall's Information Centre in Roye, France. A number of customer claims resulted from the fire and were resolved, along with litigation with Recall's insurers which is ongoing. Local authorities have been conducting an investigation for several years into the cause and Recall's responsibility, if any. At the date of this report, it is not possible to determine when the remaining aspects will be resolved.

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT
for the year ended 30 June 2014 - continued

NOTE 14. EVENTS AFTER BALANCE SHEET DATE

Post year-end, Recall made three small tuck in acquisitions.

Except as outlined in this preliminary final report, there have been no other events that have occurred subsequent to 30 June 2014 and up to the date of this report that have had a material impact on Recall's financial performance or position.

NOTE 15. ENTITIES OVER WHICH CONTROL WAS GAINED OR LOST DURING THE PERIOD

Material subsidiaries over which control was obtained during the period are as below:

Name of the subsidiary	Place of incorporation	Acquired in	% of interest held
Mobileshred Inc.	Canada	November 2013	100
Recall Secure Destruction Services Inc.	USA	November 2013	100
Recall Total Information Management Inc.	USA	November 2013	100
Recall do Brasil Ltda	Brazil	November 2013	100
Recall Limited	UK	November 2013	100
Recall France SA	France	November 2013	100
Recall Total Information Management Pte Ltd	Singapore	November 2013	100
(previously Cisco Recall Total Information Management Pte Ltd)			
Recall Information Management SA	Spain	November 2013	100
Recall Sweden AB	Sweden	November 2013	100
CitiStorage LLC	USA	May 2014	100

These subsidiaries contributed US$22.6 million to Recall's profit from ordinary activities during the reporting period. Profit from ordinary activities of these subsidiaries for the year ended 30 June 2013 was US$63.9 million.

There were no entities over which control was lost during the period.

NOTE 16. JOINT VENTURES AND ASSOCIATES

There were no material joint ventures or associates during the current or previous reporting periods.

STATEMENT OF COMPLIANCE

This Appendix 4E has not been audited and is based on financial statements which are in the process of being audited.

The financial statements, together with the independent auditor's report, will be made available with Recall's 2014 Annual Report.

Barry Medintz
Company Secretary

25 August 2014