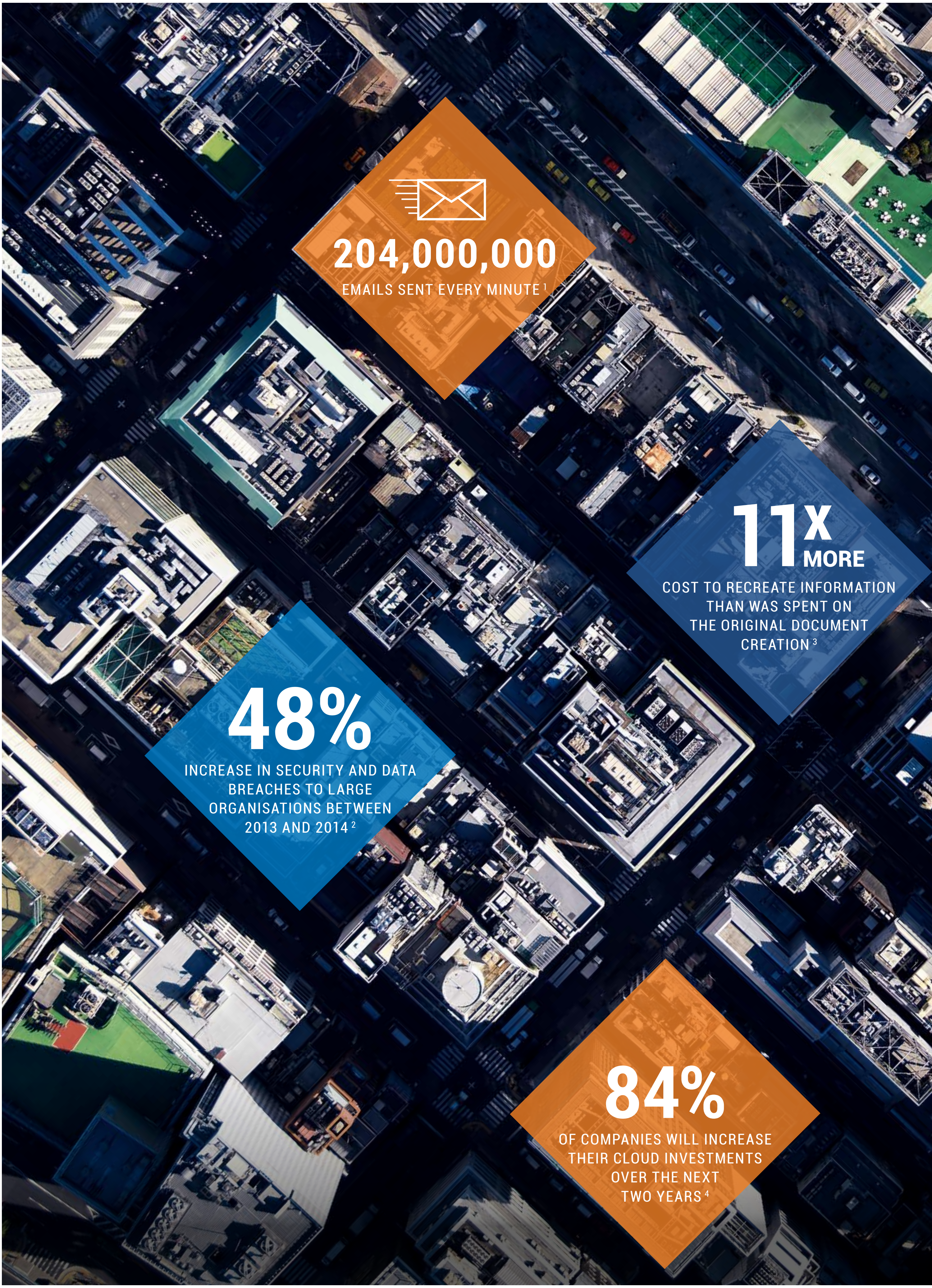
recall™

EVERY DAY. ANYWHERE.

CONTENTS

TECHNOLOGY AND ITS SPEED OF CHANGE HAS TRANSFORMED THE WAY WE CREATE, SHARE AND MANAGE INFORMATION.


204,000,000
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1. DOMO, 'Data never sleeps 2.0'; **2**. PwC, 'The Global State of Information', 2015; **3**. Coopers & Lybrand; **4**. IBM, 'Tech Trends Study', 2012; **5**. IBM, 'What is Big Data?'; **6**. IBM, 'CMO Study', 2011; **7**. AIIM, 'Capitalizing on Content: A Compelling ROI for Change' 2011; **8**. AIIM, 'Records Management Strategies – Plotting the Changes', 2011; **9**. Esselte.

RECALL HELPS IMPROVE PRODUCTIVITY AND REDUCE RISK BY PROVIDING EXPERTISE, SOLUTIONS AND TECHNOLOGY TO SECURELY MANAGE AND GOVERN IMPORTANT DIGITAL AND PHYSICAL INFORMATION.

EVERY DAY. ANYWHERE.

THE RECALL DIFFERENCE

GLOBAL STRENGTH, LOCAL FOCUS

Recall has over 300 operation centres located in 25 countries with approximately 5,700 employees. We employ standard operating systems and procedures across the globe, delivered with local service and attention.

OPERATIONAL EXCELLENCE

Through endless improvement in what we do and how we do it, we always work to exceed customer expectations and create greater customer value.

MATRIX OF SECURITY

Security and compliance are fundamental and we go above and beyond in design and operations to safeguard our customers' business and reputation. We employ global facility, security and information standards in addition to advanced security control measures.

INNOVATION THAT MATTERS

Recall customers benefit from industry-leading services and processes for managing their information securely and accurately.

SEAMLESSLY INTEGRATED SOLUTIONS

Our connected, scalable, end-to-end solutions work in harmony to meet the ever changing demands in managing physical and digital information. Using our scale, practices, capabilities and technologies, our customers can manage their information securely.

RECALL

PORTAL™

RECALL DIGITAL SERVICES (RDS)

Encompasses capture, indexing, storage and retrieval of digital information

We offer end-to-end digital information solutions from capture, indexing, storage and retrieval. We capture your hard copy information through the use of high-quality, high-speed Optical Character Recognition that prepares and converts information into a digital format. This is supported by a cloud-based or on-premise enterprise content management system. This system is capable of storing and managing converted images and the automation of workflows in departments such as accounts payable and human resources.

DATA PROTECTION SERVICES (DPS)

Offsite and cloud-based storage, rotation, protection and recovery of back-up data

Your information is priceless and through offsite and cloud-based storage, rotation, protection and recovery of back-up data we make sure you're covered. We provide a single source for customers' total data protection needs, including collection, secure and climate-controlled offsite storage, rotation, archiving, planning and recovery of back-up data and other media. We also have smart solutions to protect information requiring special handling such as audio visual content and 24/7 customer access to a secure web-based interface to track and retrieve information. Our RFID technology also provides enhanced tracking and auditing of media on and off site.

DOCUMENT MANAGEMENT SERVICES (DMS)

Document storage, indexing, retrieval and delivery

We understand your business information is growing and you need an integrated and seamless document storage, indexing, retrieval and delivery solution. We provide an integrated physical management service at document, carton and file level and offer customised storage and retrieval options such as Routine, Priority and Urgent (Immediate). If you want a document you can have it in minutes. Our state-of-the-art, climate-controlled and highly secure vault protection for high value items means you have peace of mind, all the time, while our RFID technology ensures 99.999% accuracy in inventory audits and reporting. 24/7 access to a secure web-based interface also means you can place orders, track information and generate reports whenever you want.

SECURE DESTRUCTION SERVICES (SDS)

Secure collection, destruction and sale of recycled paper

Securely managing your physical information throughout its life cycle is a critical part of protecting your information. We offer a secure collection and destruction service and help the environment at the same time through the sale of recycled paper. You can organise scheduled or ad hoc collections for transportation to document destruction centres and we'll provide confidential, certified destruction of sensitive physical information in an eco-friendly manner through the recycling of paper. This is how we safeguard your business information and protect your business.

CHAIRMAN & CEO REPORT

FY15 built on the strong platform established after the demerger and we are pleased to report the benefits of this are evident in the FY15 financial results.

Dear Shareholders,

It is with great pleasure that we present the Recall Annual Report for the 2015 financial year.

Throughout what has been a very busy year, we made tangible progress on each of our three strategic objectives of sustainable profitable growth, operational excellence and innovation for the future, with improvements in operations and revenue growth across all service lines. The year culminated in the Board's decision to endorse, in the absence of a superior offer and subject to an independent expert concluding the transaction is in the best interests of Recall shareholders, the proposal from Iron Mountain Inc. to acquire Recall Holdings by way of a scheme of arrangement. We will provide an overview of that proposal in this letter.

First however, we would like to discuss the strong financial performance of the business and the progress of management in implementing its strategy and improving operational performance.

FINANCIAL PERFORMANCE AND CAPITAL STRUCTURE

FY15 built on the strong platform established after the demerger and we are pleased to report the benefits of this are evident in the FY15 financial results. All business lines delivered revenue growth and the continuing business, which excludes the underperforming SDS Germany business sold in December 2014, generated constant currency revenue growth of 7.5% and EBITDA growth of 10.1%. Underlying profit after tax of US$75.4 million, produced underlying earnings per share of 24 cents.

Net cash from operating activities was $127.3 million and cash conversion was high at 96%. The syndicated loan facility was amended and increased in November 2014 by $250 million to $1050 million to provide funding flexibility for our ambitious growth strategy. The amendment also reduced interest margins and fees and extended the term to October 2019. Key funding needs during the year included acquisitions of $144.3 million, dividends of $43.8 million and capital expenditure of $61.7 million. However, outstanding net debt increased by only $82 million to $566 million over the 12 month period. Increased debt was partially offset by the utilisation of cash from operating activities, as well as the appreciation of the US dollar. Debt ratios remain comfortably within covenants, with closing net debt to EBITDA less than 2.6x.

Efficient capital expenditure is a key focus and improving return on capital a priority. Capex was $61.7 million (7.4% of revenue), which compares to the $72.8 million incurred in FY14 (8.7% of revenue).

The Board has determined to pay a final dividend of 10.0 AUD cents per share, which is franked to 40% and classified as 60% conduit foreign income. The dividend is expected to be paid on 28 October 2015 to those shareholders on the Recall register on 7 October 2015.

These results are very pleasing and encapsulate the objectives of management to improve profitability and to establish a platform to drive future growth.

STRATEGY

Our objective of delivering sustainable profitable growth is underpinned by storage revenue, which increased 8.4% in the continuing business. The key driver was net carton growth of 7.7%, of which 2.6% was organic, ahead of the 1.6% organic growth reported at FY14. All regions delivered carton growth and permouts reduced to 3.3%, down by 100bps from FY14. Over the past five years, Recall has reported compound annual carton growth of 5.7%, a key driver of sustainable profitable growth. Service revenue in the continuing business grew 6.4% due to the on-boarding of major global customers in key markets.

Recall completed 12 acquisitions during the year, which contributed $23 million to FY15 revenue and are expected to generate annual revenue of $48 million. The total consideration for these acquisitions was $144 million and the average acquisition EBITDA multiple, after synergies, of these transactions was less than 6.5x.

We strive for operational excellence and continuously seek opportunities for cost reduction and margin improvement. Improving the utilisation of assets is a major strategic initiative and the Facility Optimisation Program (FOP 1) announced in June 2014, together with the second Facility Optimisation Program (FOP 2) announced in June 2015, were designed for this purpose. These programs, which have IRRs in excess of 20%, are on track and FOP 1 has contributed to improving building and racking utilisation by 250 basis points.

The SDS business in North America has not historically delivered acceptable returns. However, an improvement plan implemented last year improved its gross margin by 600 basis points which is a significant turn-around. These major strategic initiatives, together with the culture of continuous improvement embedded in the business through our IMPACT program, have improved gross margin by 80 basis points this year and will drive further improvements.

Recall has developed unique digital solutions under the third strategic pillar: Innovation for the future. These solutions include Recall Portal™, CommandIG™ and Recall Replicate™. Recall Portal™ was successfully released in the USA, Canada, Australia and New Zealand during FY15 and deployment to other Recall markets is underway. It is a valuable platform that provides productivity efficiencies and delivers new digital services to our customers. Technical and commercial trials of CommandIG™ began in FY15, across multiple countries. Commercial deployment of this digital information governance solution is scheduled for FY16. We have extended our Data Protection Services with cloud solutions for backup, archival and disk replication. Recall Replicate™ is a new service in trial within the USA for EMC® Data Domain replication.

PROPOSAL FROM IRON MOUNTAIN TO ACQUIRE RECALL HOLDINGS

On 29 April 2015, we announced that Recall and Iron Mountain had agreed key commercial terms for the acquisition of Recall by Iron Mountain by way of a recommended and court approved scheme of arrangement. On 8 June 2015, formal agreement was reached and we announced the terms of the Scheme Implementation Deed.

Due diligence enabled us to improve upon the key terms, so that shareholders will receive 0.1722 Iron Mountain shares and US$0.50 cents for each Recall share they hold. Alternatively, Recall shareholders may elect cash consideration of A$8.50 per share, subject to a total cash pool of A$225 million available to satisfy those elections. Recall shareholders as at 11 June 2015 will receive a priority allocation to the A$225 million cash pool for their first 5,000 shares. Iron Mountain is to establish a secondary listing on the Australian Securities Exchange (ASX) to allow shareholders to trade Iron Mountain shares via CHESS Depository Interests (CDIs).

The Board believes that the combination of our business with that of Iron Mountain makes strong commercial sense and represents a compelling opportunity. The offer is at a significant premium to the Recall share price of $5.02 on 29 September 2014, being the day before public speculation about a potential transaction with Iron Mountain began. The terms enable Recall shareholders to realise immediate value for the longer term potential of Recall and to share in the substantial benefits expected from combining Recall and Iron Mountain.

Your directors intend to recommend the transaction to shareholders, subject to no superior proposal being received and an independent expert confirming that the transaction is in the best interests of shareholders.

Shareholders will receive additional detailed material on the transaction and the scheme process in a Scheme Booklet planned for shareholders in October, ahead of a shareholder vote on the transaction, which is anticipated to occur in December 2015.

It is important to remember that the proposed transaction remains subject to formal shareholder and regulatory approval. There is no guarantee that the transaction will complete. Accordingly we remain competitors with Iron Mountain and are operating on a business as usual approach. On this basis, the continued implementation of Recall's strategic plan in FY16 is expected to deliver constant currency revenue growth approaching double digits and corresponding EBITDA growth.

Should the transaction complete, we believe that the future offers very exciting prospects for the Recall business, its customers and employees, as a part of the leading global information management company. We thank our customers for their continued support and we are grateful for the time and commitment given to the Recall business by our employees, management, and Directors.

To our shareholders, we thank you for your support of the Board and management through a very busy year.

Ian Blackburne
CHAIRMAN

Doug Pertz
PRESIDENT AND CHIEF EXECUTIVE OFFICER

2015 SNAPSHOT

320 ◆ FACILITIES

25 ◆ COUNTRIES

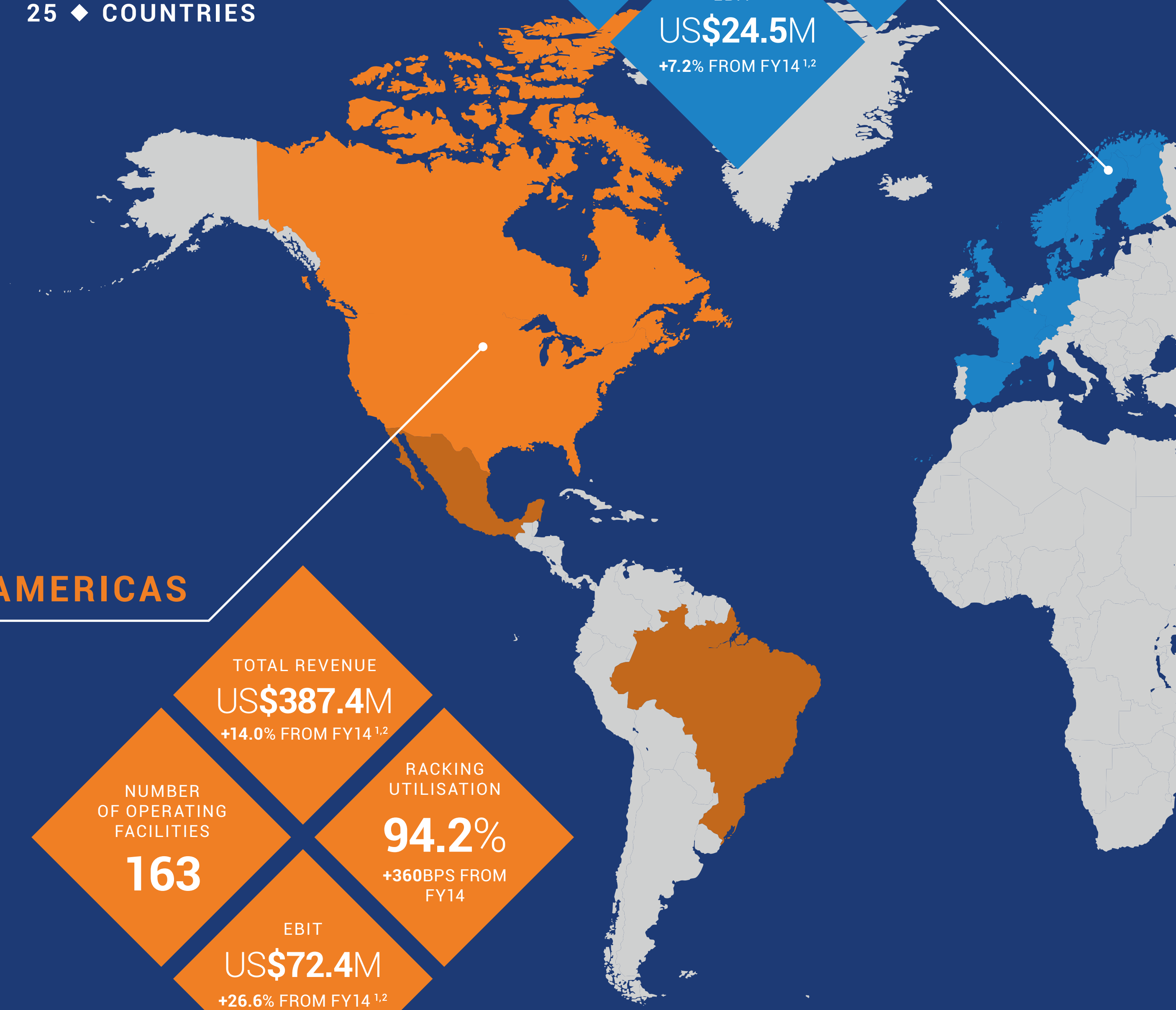
EUROPE

TOTAL REVENUE [3]
US$183.4M
-1.0% FROM FY14 [1,2]

NUMBER OF OPERATING FACILITIES
76

RACKING UTILISATION
88.4%
+390BPS FROM FY14

EBIT [3]
US$24.5M
+7.2% FROM FY14 [1,2]



AMERICAS

TOTAL REVENUE
US$387.4M
+14.0% FROM FY14 [1,2]

NUMBER OF OPERATING FACILITIES
163

RACKING UTILISATION
94.2%
+360BPS FROM FY14

EBIT
US$72.4M
+26.6% FROM FY14 [1,2]

EMERGING MARKETS

- AMERICAS: Brazil and Mexico
- ASIA: China and India

1 Comparison is at constant currency.
2 2014 financial year on a pro forma basis.
3 Excludes SDS Germany.
4 Excludes impact of 1M cartons in Citi Storage fire.

TOTAL REVENUE
US$74.3M
+26.4% FROM FY14 [1,2]

NUMBER OF OPERATING FACILITIES
28

RACKING UTILISATION
96.4%
+110BPS FROM FY14

EBIT
US$17.7M
+32.7% FROM FY14 [1,2]

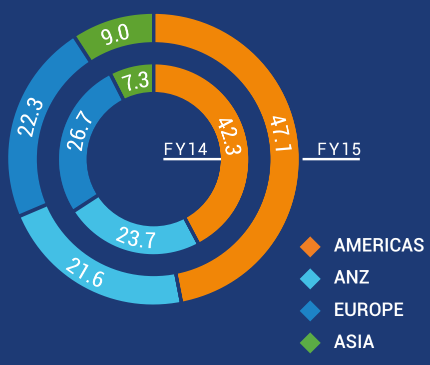
TOTAL REVENUE
US$178.1M
-1.1% FROM FY14 [1,2]

NUMBER OF OPERATING FACILITIES
53

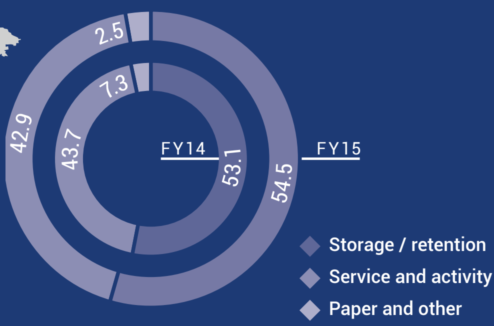
RACKING UTILISATION
92.0%
-220BPS FROM FY14

EBIT
US$40.4M
-15.0% FROM FY14 [1,2]

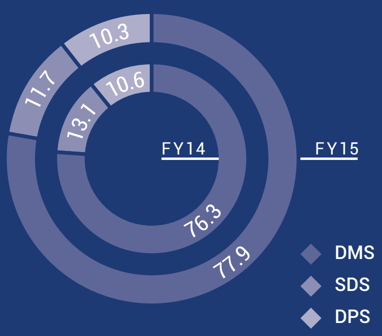
REVENUE BY REGION (%) [3]
FY15 v FY14



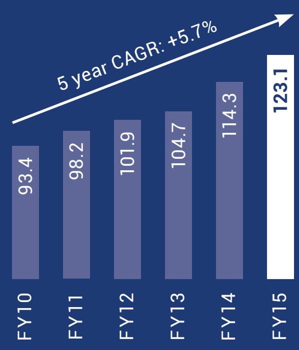
REVENUE BY CATEGORY (%) [3]
FY15 v FY14



REVENUE BY SERVICE LINE (%) [3]
FY15 v FY14



CARTON HOLDINGS ($M) [4]
AT YEAR END



STRATEGIC HIGHLIGHTS

Our strategy is based on three pillars: sustainable profitable growth, operational excellence and innovation for the future. Leveraging our market leading position, global presence, operational excellence and innovative culture – we aspire to deliver best-in-class information management and governance solutions, spanning physical and digital information, to our extensive and growing customer base.

SUSTAINABLE PROFITABLE GROWTH

Sustainable Profitable Growth is about accelerating towards and then maintaining target organic and acquisition growth rates. Our focus on industry solutions and product bundling enables more effective cross-selling and improves customer retention and acquisition in both vended and unvended markets. We continue to make inroads in effectively targeting attractive segments within the small and medium-sized enterprise (SME) market, with creative, cost effective engagement models.

In FY15 we continued our track record of successfully closing and integrating acquisitions aligned to our strategic priorities. We completed 12 acquisitions that added US$23 million in incremental revenue in FY15 which would add $48 million on an annual basis.

OPERATIONAL EXCELLENCE

Operational excellence translates strong top line growth into quality earnings and cash flow and delivers earnings growth in excess of revenue growth.

Underpinning operational excellence is a culture of continuous improvement that is grounded in LEAN and Six Sigma principles, methodologies and tools. This is known as the IMPACT program.

Our other key focus areas include, improving asset utilisation; developing a metrics driven productivity culture; controlling overheads and addressing underperforming business segments.

In June 2014 we launched the Facility Optimisation Program (FOP 1) with the objective of reducing real estate costs in existing markets. FOP 1 remains on track for completion in December 2016, when it is expected to improve building and racking utilisation levels by approximately 2 percentage points. In June 2015 we launched Facility Optimisation Program (FOP 2) covering facilities in Australia, Brazil, Denmark, UK and France, which will be completed by September 2017 and deliver annual cost savings of approximately $6.5M and a targeted internal rate of return in excess of 20%. FY15 also saw the completion of the sale of our German Secure Destruction Services (SDS) business and improvement in margins for our North America SDS business by 600bps. Additional areas of focus such as procurement, IT costs and labor productivity will help to improve margins and drive further efficiencies in the business.

INNOVATION FOR THE FUTURE

Innovation for the future is a digital strategy that is complementary to our core physical business, enabling customers to secure, manage and govern all physical documents held with Recall and all their digital content, regardless of where it resides.

In response to the exponential growth of digital information and content that our customers are experiencing, Recall has developed Portal™, CommandIG™, and Recall Replicate™. These solutions allow customers to secure, manage and govern this content on a company-wide basis. They are targeted at current and potential Recall customers, with a focus on SMEs.

Recall Portal™ provides customers with greater efficiency and control over their digital and physical assets, on-demand activity reporting of holdings, search capabilities and secure single sign-on from any device, anytime. Recall Portal™ was successfully released in the USA, Canada and Australia during FY15 and deployment to other markets is underway.

CommandIG™ enables customers to comprehensively apply governance to Recall-managed physical records and digital repositories from one easy-to-use SaaS-based (Software as a Service) application that is fully integrated with Recall Portal™. CommandIG™ includes an information governance system and an enterprise-class EFSS (electronic file synch and share) service, allowing secure storage, collaboration, legal hold and digital delivery of documents with seamless governance. Technical and commercial trials across multiple countries began in FY15 and commercial deployment is scheduled for FY16. CommandIG™ will help to further penetrate the SME segment and has the ability to scale and support large companies across multiple geographies and business areas.

Recall Replicate™ expands Recall data production services and cloud offerings providing a data replication solution for offsite data backup and archiving. Recall Replicate™ is an economical, automated method to back up a company's on-premise EMC® Data Domain to Recall's secure cloud environment. This service offering is currently in a trial stage.

+6.4%
ACQUISITION GROWTH [1]

12
ACQUISITIONS CLOSED IN 3 OUT OF 4 REGIONS

PERMOUT REDUCED
1.0%

7.7%
NET CARTON GROWTH [2]

+250BPS
BUILDING AND RACKING UTILISATION EACH IMPROVED

FACILITY OPTIMISATION PROGRAM (FOP 2) LAUNCHED

SHARED SERVICE CENTER LAUNCHED IN ROMANIA

80BPS
GROSS MARGIN IMPROVEMENT

FOOTPRINT EXPANSION IN EMERGING MARKETS

NORTH AMERICA SDS MARGIN IMPROVEMENT PLAN TARGETS EXCEEDED

recall™

RECALL PORTAL™ RELEASED

BEST OF BREED TECHNOLOGY PARTNERSHIPS ESTABLISHED

SUSTAINABLE PROFITABLE GROWTH
OPERATIONAL EXCELLENCE
INNOVATION FOR THE FUTURE

1 Excludes SDS Germany.
2 Excludes impact of 1M Cartons in Citi Storage fire.

BOARD OF DIRECTORS

1.

2.

3.

4.

5.

1. Ian Blackburne

INDEPENDENT CHAIRMAN

Mr Blackburne, BSc (Hons), MBA, PhD, FAICD, joined Recall as Chairman in September 2013.

Mr Blackburne is Chairman of ASX-listed gaming technology company Aristocrat Leisure Limited and a Director of NYSE listed marine energy transportation company Teekay Corporation. He has previously been Chairman of CSR Limited and the Australian Nuclear Science and Technology Organisation and a Non-Executive Director of Suncorp-Metway Limited and Symbion Health Limited.

Mr Blackburne is a former research scientist and spent 25 years in the petroleum industry in technical, manufacturing, marketing and strategic planning roles, as well as serving as Managing Director of Caltex Australia Limited.

2. Neil Chatfield

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Chatfield, Masters of Business in Finance & Accounting, FCPA, FAICD, joined Recall as a Non-Executive Director in September 2013.

Mr Chatfield has served as Non-Executive Chairman of Costa Group since June 2015 and Director since October 2011; Chairman of Seek since 2012 and Director since 2005 and Non-Executive Director of Transurban Group since 2009.

He was a Director of Virgin Australia Holdings Ltd from May 2006, and held the position of Chairman from June 2007 to May 2015.

Mr Chatfield has over 35 years of experience in the transport, logistics and resources industries, including as an Executive Director and Chief Financial Officer of Toll Holdings for over 10 years.

3. Tahira Hassan

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Hassan, FCMA, CMA, joined Recall as a Non-Executive Director in December 2013.

Ms Hassan has also been a Director of the Canada Pension Plan Investment Board since February 2015 and a Non-Executive Director of Brambles since December 2011. Prior to that, Ms Hassan had a distinguished 26 year career with Nestle. While based in Switzerland, she served as Senior Vice President, Head of Global Supply Chain; Senior Vice President, Global Business Head for Nescafe Ready to Drink and Vice President, Deputy Operations for Zone Americas. Previously, Ms Hassan held various senior leadership roles within Nestle Canada including President, Ice Cream and Executive Vice President, Consumer Demand Chain and Information Services.

She is currently based in Toronto, Canada.

4. Wendy Murdock

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Murdock, BA, MBA, joined Recall as a Non-Executive Director in December 2013.

Ms Murdock has served on the Board and Risk Management Committee of USAA Federal Savings Bank in Texas, USA since 2013.

Prior to that, Ms Murdock served on the Board and Nominating and Corporate Governance Committee of Syniverse Technologies, based in Florida, USA as well as on the Board of Tullett & Tokyo Liberty in London, UK.

Ms Murdock had a long and distinguished career in the financial services sector, managing large global organisations. At MasterCard Worldwide she was a member of the MasterCard Worldwide Operating Committee, Chief Payment System Integrity Officer and Chief Product Officer. Previously, Ms Murdock served with Citigroup Asset Management as Chief Operating Officer, Retail and High Net Worth and as a member of the Citigroup Management Committee. She was also a partner at McKinsey and Company's New York office.

5. Doug Pertz

PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO)

Mr Pertz, BME, joined Recall as Group President and Chief Executive Officer in April 2013.

Prior to this position, Mr Pertz was Chairman and Chief Executive Officer of Bolder US Sanitation Group.

Mr Pertz has served as Chief Executive Officer of a number of companies, including: Clipper Windpower, a utility-scale wind turbine manufacturer; IMC Global (now Mosaic Company), a leading miner and producer of concentrated phosphate, potash and salt for agricultural and industrial applications; and Culligan Water Technologies. He was previously a group executive at Danaher and held various international management roles with Cummins Engine Company and Caterpillar.

EXECUTIVE LEADERSHIP TEAM

1. Doug Pertz

PRESIDENT AND CHIEF EXECUTIVE OFFICER (CEO)

See Mr Pertz's biography on page 15.

2. Christian Coenen

PRESIDENT, EUROPE

Mr Coenen joined Recall in 2000 and has served in various roles, including as General Manager of Sales and Marketing for Recall Europe, General Manager of France, and Global Vice President, Sales and Marketing. Prior to joining Recall, he worked at Danka France and Eastman Kodak in group regional and national sales management positions.

3. David Haberland

GLOBAL VICE PRESIDENT, CHIEF RISK OFFICER

Mr Haberland joined Recall in 2008 and has held several senior roles within the company since then. Mr Haberland has over 34 years' experience in law enforcement, safety and security within government and corporate sectors, including serving in senior risk management roles at Commonwealth Bank, Woolworths and Rail Corporation NSW.

4. Espen Halvorsen

GLOBAL VICE PRESIDENT, BUSINESS DEVELOPMENT

Mr Halvorsen joined Recall in 2003 and has held several senior roles within the company since then. With over 30 years' experience working across Europe in finance, sales and management, he has served in senior positions at various companies including Lotus Development Corporation/IBM. He has also founded an internet consultancy company which grew to be one of the largest in Norway.

5. Owen Kinnaird

PRESIDENT, ANZ

Mr Kinnaird joined Recall in August 2013. Previously, he has held several leadership roles with CHEP, including Vice President, Customer Solutions (Global), Vice President, Strategy and Marketing (CHEP Europe), and in New Zealand as President. Mr Kinnaird has also been the General Manager at Cardlink, the Chief Executive Officer of the Maurice Kain Group in New Zealand and has held business unit leadership roles at 3M in Australia and New Zealand.

6. Stephen Malia

SENIOR VICE PRESIDENT, CHIEF HUMAN RESOURCES OFFICER

Mr Malia joined Recall in 2013. Mr Malia served formerly as Senior Vice President and Chief Human Resources Officer at Owens-Illinois and as Senior Vice President of Human Resources at IMC Global (now The Mosaic Company). Prior to that Mr Malia has spent over 23 years serving in various senior positions at Owens Corning.

7. Dan McFarland

SENIOR VICE PRESIDENT, GLOBAL STRATEGY AND OPERATIONS

Mr McFarland joined Recall in 2002.

He has held various leadership roles within Recall including President, Australia and New Zealand; North America Vice President and General Manager, Document Management Solutions; and North America Director, Logistics and Strategy. Previously, he has served as Investor Relations Manager for Delta Air Lines and held both finance and operations roles with BP Amoco.

8. Ron McMurtrie

SENIOR VICE PRESIDENT, GLOBAL CHIEF MARKETING OFFICER (CMO)

Mr McMurtrie joined Recall in July 2014 and brings extensive expertise in business strategy, business development, product management, communications and brand management across the Americas, Europe and Asia. Prior to joining Recall, Mr McMurtrie served as CMO at TEXbase and held senior executive positions at MCI, Verizon, First Data and VCE.

9. Barry Medintz

SENIOR VICE PRESIDENT, GENERAL COUNSEL AND COMPANY SECRETARY

Mr Medintz joined Recall in December 2010. Mr Medintz has nearly 20 years' legal experience, including serving as in-house counsel at Motorola and The Coca-Cola Company, and as an associate in Perkins Coie LLP. Mr Medintz specialises in matters involving corporate governance, mergers and acquisitions, data privacy, dispute resolution and commercial negotiations.

10. Lyn Ng

PRESIDENT, ASIA

Ms Ng joined Distrepark Storage in 1993 prior to it being purchased by Recall. Ms Ng has held a number of roles within Recall including General Manager, Recall Malaysia, and Customer Service and Operations Manager. She has also served as Account Executive at Pacific and Orient Insurance Berhad.

11. Rohan Pal

SENIOR VICE PRESIDENT, CHIEF INFORMATION OFFICER (CIO)

Mr Pal joined Recall in 2013. Previously, Mr Pal has served in various leadership positions including CIO and Chief Operations Officer for Tyco Fire Protection Products, Vice President of Financial Systems, Operations and Multisourcing for HD Supply, and Managing Director for Home Depot's India Operations.

12. Jamal Powell

GLOBAL VICE PRESIDENT, STRATEGY

Mr. Powell joined Recall in December 2010. Mr. Powell has worked for 10 years in management consulting where he gained extensive experience in formulating and executing strategy as well as driving large scale transformation and change management projects. Prior to joining Recall, he has worked for Boston Consulting Group as a Principal and in the investment banking division of Morgan Stanley.

13. Mark Wesley

PRESIDENT, AMERICAS

Mr Wesley joined Recall in 2002. Since then he has held several leadership positions within Recall, namely, Vice President, Operations for North America and President, Australia and New Zealand. Previously, Mr Wesley has served as a consultant with A.T. Kearney, Senior Account Executive with The Coca-Cola Company and Director at ICG Commerce.

14. Mark Wratten

CHIEF FINANCIAL OFFICER (CFO)

Mr Wratten joined Recall in August 2012. Previously, Mr Wratten served as CFO of Hastie Group and has held various senior leadership roles during 10 years at Brambles including CFO of Brambles Industrial Services and Cleanaway in Sydney, Group Vice President of Risk and Audit and Global Chief Information Officer in Orlando, Florida.

CORPORATE SOCIAL RESPONSIBILITY

Recall's approach to corporate social responsibility aims to improve our practices to create superior value for our customers. Our focus on security and Zero Harm applies to the service we offer customers, the management of our people, our consideration of the environment and our place in society.

SAFETY AND SECURITY

Recall's approach to safety and security is based on Zero Harm.

Safety performance: Recall Injury Frequency Rate (RIFR) [1]

	RIFR		
REGION	**FY13**	**FY14**	**FY15**
Americas [2]	N/A	3.5	2.9
Europe	3.8	6.9	4.2
Asia	0.8	0.8	0.0
ANZ	6.6	3.1	2.2
Global	**5.7**	**3.5**	**2.5**

1 RIFR records: work-related fatalities; loss of a full work shift due to injury; modified duties for a full work shift following an injury; and incidents that require external medical treatment.

2 FY14 is the first year that figures were consolidated for reporting in the Americas region.

Safety and security performance improved for the fifth consecutive year through enhanced training and incident follow-up. Annual employee four-hour Zero Harm Stand Down training for employees is mandatory. Over 71,000 hours of safety and security training was provided in FY15 which equates to over 10 hours of safety related training per employee.

The increased focus on safety training has resulted in a 27% reduction overall in reportable injuries and a 2% reduction in manual handling related injuries, which is the leading cause of employee injuries.

Significant improvements have been made in all regions, with double digit reductions. Europe reported a 40% reduction in reportable injuries due to improved controls and management focus in France.

Recall assists customers and employees in safe management by clearly labelling cartons with suggested weight restrictions and correct handling techniques, to reduce strain or injury.

Recall operates global standards for security, access and protection of customers' information. All sites are regularly assessed. Recall has global guidance for physical security and fire protection systems.

Recall has held ISO27001 certification since December 2013, the highest standard for information security. Recall's IT Security Office provides annual security awareness training for all employees and contractors.

Recall expects suppliers to follow its Zero Harm commitment. For example, in ANZ all contractors and service providers undergo OHS&E assessment. ANZ representatives conduct monitoring, including fatigue impacts of manual handling and operation of equipment, vehicles and computers. Safe driving and rest periods are outlined for suppliers and employees.

PEOPLE

Recall is committed to providing a safe, rewarding and challenging environment for its employees. Recall had approximately 5,700 employees as at 30 June 2015.

DIVERSITY

Recall is committed to maintaining a culture that values diversity. Recall recruits, selects, develops and supports people on the basis of professional capability and qualifications, irrespective of gender and other diversity factors. Recall's diversity policy is included in its Code of Conduct. Recall regions conduct diversity programs.

EMPLOYEE DEVELOPMENT

Recall believes employee development and training is important. Job skill and standard operating procedure training is executed at local level. Leadership development is also executed locally, with support from global Human Resources. Directors and above have individual development plans which are updated annually.

Recall conducts two-day development centres for targeted leaders and regional leadership teams. This experiential session creates self-awareness on leadership style and provides opportunities to learn and practice additional leadership skills. Targeted team and leadership development is conducted regionally based on local priorities.

Recall is committed to Lean Six Sigma methodology and offers a Daily Continuous Improvement workshop to all employees aimed at recognising and eliminating waste.

GOVERNANCE

Recall has a strong record of corporate governance and information guardianship for its customers. Annual Code of Conduct training for employees ensures awareness and compliance to its business standards and ethics.

Recall is committed to CARE customer service, which covers:

Consistency in the service provided;

Accuracy in storage, retrieval, backup, or destruction of information;

Reliability in being responsive to customer needs; and

Efficiency in every process and action.

Recall's Voice of the Customer program focuses on the customer experience. In September 2014, Recall launched Net Promoter Score (NPS) in Australia and New Zealand. NPS helps to identify opportunities to improve internal processes and procedures. One of the areas of opportunity was to improve first contact resolution in CARE. Acting on this feedback, a restructure was rolled out in CARE to automatically distribute work out to staff.

Recall's AlertLine and 'Tell Global Risk' programs allow employees to raise concerns, lodge complaints, ask questions and provide feedback. AlertLine is operated by a third party and allows anonymity. 'Tell Global Risk' is managed by internal legal and risk teams.

Recall participates in independent, external evaluation of its sustainability performance through CDP and Dow Jones Sustainability Index, where it is listed on the Asia-Pacific Index. Recall is also a constituent of FTSE4Good.

ENVIRONMENT

Recall is committed to Zero Harm and considers environmental aspects in operations and activities. Recall strives to improve environmental performance through the implementation of an integrated management system. We work to ensure that all our employees, and others who may be affected by our processes and operations, understand through open communication the impact that their actions can have on the environment.

Recall considers the environment throughout all aspects of its business including planning, decision-making processes, operations and services. We are committed to minimising the environmental impact of our operations through reduction of waste, emissions and discharges and at the same time conserving resources by adopting sustainable practices that include reusing and recycling.

Recall incorporates environmentally beneficial design in facilities, including solar panels to power heating systems, rainwater collection for toilets and thermal glass to keep buildings cool in summer and retain heat in winter.

In Australia, Recall's cardboard cartons are manufactured from sustainable sources including recycled board (approx 80%) and FSC certified pulp material. In the UK, cardboard archive cartons are constructed from 65% recycled material, with the remaining 35% coming from sustainable sources.

Recall will report environmental data, including emissions and waste, online later in 2015.

General waste and recycling (tonnes)

RECALL GLOBAL	RECYCLING (SECURE DESTRUCTION SERVICES – PAPER)
FY15	114,700
FY14	141,000

Recall manages waste and recycling at each of its sites. In some european countries, waste separation aligns with ISO14001 certification.

Recall customers are able to nominate secure destruction and recycling of unwanted paper documents. Recall then sells this shredded paper for use in recycled products. For example, Recall has a contract to supply paper to the new Reflex plant in Victoria, Australia for use in its recycled paper products. In FY15 Recall recycled more than 114,000 tonnes of paper. Remaining shredded paper is disposed of securely; for example, in the UK, some is burnt at a power plant and heat used to power local housing. Recall also recycles metal from digital device destruction.

SOCIETY

Recall provides support to charitable and community organisations globally through donations, employee volunteering and "shredder days". Some examples in FY15 include employees volunteering to raise money at internal events for cancer charities and the Salvation Army in Australia.

Recall's Secure Destruction Services sites hold "shredder days", where members of the community can deposit sensitive documents, such as bank statements, medical records, or personal documents. The paper is securely transported and destroyed to protect against identity theft. In FY15, Recall again partnered with CBS Atlanta to present the 2014 "Great Shredder Event" on 20 September, 2014 in Lawrenceville, Georgia. Events were also held at other sites during the year.

At shredder days, Recall provides guidelines on shredding and retaining confidential information to help educate residents and small business owners on securely managing information and reducing liability.

↓29%

DECREASE IN RIFR

↑100%

INCREASE IN TRAINING IN SAFETY AND SECURITY IN FY15

114,000t

OF PAPER RECYCLED IN FY15

US$115,200

IN DONATIONS TO CHARITABLE AND COMMUNITY ORGANISATIONS IN FY15

DIRECTORS' REPORT

The Directors of the Company present their Report together with the financial report for the Company and its controlled entities (Recall) for the financial year ended 30 June 2015 (Year).

The Directors' Report has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (the Act). The information below forms part of this Directors' Report:

- Operational and Financial Review on page 23;
- Directors' details on page 15; and
- Remuneration Report on page 33.

PRINCIPAL ACTIVITIES

The principal activity of Recall during the Year was the provision of information management solutions. The information management solutions business is a global business providing secure storage, digitisation, retrieval and destruction of information in multiple media formats. There was no significant change in the nature of Recall's principal activity during the Year.

REVIEW OF OPERATIONS AND RESULTS

A review of Recall's operations and the results of those operations is set out in the Operational and Financial Review. Information about the financial position of Recall is also included in the Operational and Financial Review.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS – IRON MOUNTAIN TAKEOVER OFFER

The Company announced on 29 April 2015 that it had entered into an agreement in principle with Iron Mountain Inc. ('IRM'), a Boston-based, New York Stock Exchange listed, global information management services company, for a takeover of the Company by IRM by way of a recommended court-approved, scheme of arrangement (the 'Transaction'). This agreement was subject to completion of due diligence by both parties and agreement on the Transaction terms. After a due diligence period, the parties entered into a Scheme Implementation Deed ("Deed") on 8 June 2015. A copy of the Deed and a presentation outlining details of the offer are on the Company's website.

Under the offer, Recall shareholders can elect to receive 0.1722 of an IRM common share and US$0.50 in cash for each Recall share, or alternatively A$8.50 in cash for each Recall share. The total cash pool for the cash alternative is capped at A$225 million, with preferential access to the cash pool for the first 5,000 shares for Recall shareholders at 11 June 2015. IRM will establish a secondary listing on the ASX to allow Recall shareholders to trade IRM shares via CHESS Depository Interests. Two current Recall directors will be appointed to the Board of IRM.

The Deed sets out the terms and conditions of the Transaction including conditions precedent and pre-implementation steps, transaction steps, implementation, appointment of directors and employee matters, the conduct of business by Recall and IRM up to the implementation date and Board recommendations.

The Transaction requires a number of regulatory, court and shareholder approvals, including approval from the competition authorities in several countries, Australian court approval, Recall shareholder approval and IRM shareholder approval. It is expected that these approvals will take several months and that completion of the Transaction, if all necessary approvals are obtained, will not occur until early 2016. An indicative timetable is in Annexure 1 of the Deed. Retention arrangements have been put in place for certain Recall executives and employees to ensure the period up to implementation is not adversely affected by staff uncertainty. The arrangements for key management personnel are set out in the Remuneration Report.

Further details about the Transaction are available on the Company's website at www.recall.com under the Investor Relations tab. A Scheme Book will be sent to Recall shareholders with full details of the Transaction, including an independent expert's report, and information on how to attend the shareholders' scheme meeting and how to vote on the Transaction if you cannot attend the meeting. In the period from the date of this report to implementation of the Transaction (if all necessary approvals are received), it is business as usual for Recall, subject to any restrictions set out in the Deed. This means that business operations will continue in the same way as they have been conducted to date. There were no other significant changes in the state of affairs of Recall for the Year.

MATTERS SINCE THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2015 up to the date of this Report that has significantly affected or may significantly affect the operations of Recall, the results of those operations or the state of affairs of Recall in future financial years.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The business strategies and prospects for future financial years, together with likely developments in the operations of Recall in future financial years and the expected results of those operations known at the date of this Report, are set out in the Operational and Financial Review. Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to Recall.

DIVIDENDS

During the Year, a final dividend for 2014 of 8.0 Australian cents per ordinary share, unfranked, was paid on 23 October 2014 and an interim dividend for 2015 of 9.0 Australian cents per ordinary share, 30% franked, was paid on 24 April 2015. Since the end of the financial year, the Directors have determined a final dividend for 2015 of 10.0 Australian cents per ordinary share, franked to 40% with 60% qualifying as conduit foreign income. The dividend is expected to be paid on 28 October 2015 to shareholders on the Recall Register on 7 October 2015.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report are set out below. The qualifications and experience of the Directors are detailed on page 15.

Ian Blackburne (Chairman) [1]	24 September 2013 to date
Neil Chatfield [1]	24 September 2013 to date
Tahira Hassan	18 December 2013 to date
Wendy Murdock	18 December 2013 to date
Doug Pertz (CEO) [1]	24 September 2013 to date

1 The appointments of Dr Blackburne, Mr Chatfield and Mr Pertz in September 2013 were made while the Company was a Brambles subsidiary in anticipation of the demerger.

COMPANY SECRETARIES

Barry Medintz is the Senior Vice President, General Counsel and Company Secretary. He has been the Company Secretary since 24 October 2013. Mr Medintz has held senior management positions at Motorola Mobility Inc. and at The Coca Cola Company. He holds a BA from the University of Wisconsin at Madison and a JD from the Emory University School of Law. He is a member of the State Bar of Georgia, Illinois State Bar Association and the District of Columbia State Bar.

DIRECTORS' REPORT (CONT.)

Carolyn Learoyd joined the Company in November 2013 as Deputy Company Secretary & Senior Legal Counsel. Ms Learoyd has over 15 years' legal and company secretarial experience. She holds a BEc and LLB from the University of Sydney. Prior to her appointment, she was a Senior Corporate Counsel at Fairfax Media.

INDEMNITIES

Section 20 of the Company's Constitution provides that, to the extent permitted by law, the Company will indemnify any current or former director or Secretary of the Company or of a subsidiary out of the property of the Company against:

a) any liability incurred by the person in that capacity (except a liability for legal costs);

b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and

c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy,

except to the extent that:

d) the Company is forbidden by law to indemnify the person against the liability or legal costs; or

e) an indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

Each Director has entered a Deed of Indemnity, Insurance and Access under which the Company indemnifies the Director on a full indemnity basis and to the extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or a related body corporate.

The Company has paid a premium in respect of an insurance policy that covers directors and officers of the Company against liabilities arising out of the conduct of the business of Recall. The insurance premium paid has not been disclosed due to the confidentiality undertakings in the insurance policy.

BOARD AND COMMITTEE MEETINGS

The number of Board and Committee meetings held and the number of meetings attended by each Director during the financial year are listed below.

The members of the Audit Committee for the period since its inception on 18 December 2013 to the date of this report are Mr Chatfield (Chairman), Dr Blackburne and Ms Murdock. The members of the Remuneration and HR Committee for the period since its inception on 18 December 2013 to the date of this report are Dr Blackburne (Chairman), Mr Chatfield and Ms Hassan.

Directors' attendance at meetings held during the financial year

	BOARD		SPECIAL[3]		AUDIT COMMITTEE		REMUNERATION & HR COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Ian Blackburne	15	15	23	24	10	10	8	8
Neil Chatfield	15	15	24	24	10	10	8	8
Tahira Hassan	15	15	24	24	9[2]	9[2]	8	8
Wendy Murdock	13	15	23	24	9	10	8[2]	8[2]
Doug Pertz	14	15	24	24	10[2]	10[2]	8[2]	8[2]

1 Table shows the number of meetings held and attended by each Director during the period that the Director was a member of the Board or Committee.
2 Meeting attended at the invitation of the Committee.
3 Includes due diligence committee meetings for the Iron Mountain transaction.
4 Dr Blackburne, Ms Murdock and Mr Pertz provided their input prior to the meetings they were unable to attend.

DIRECTORS' DIRECTORSHIPS OF OTHER COMPANIES

The table below lists Directors' directorships in other companies in the previous three years.

DIRECTOR	COMPANY	PERIOD HELD
Ian Blackburne	Aristocrat Leisure Limited (Chairman)	Since September 2010
	Teekay Corporation (NYSE listed)	Since 2000
	CSR Limited (former Chairman)	September 1999 to July 2011
Neil Chatfield	Virgin Australia Holdings Limited (former Chairman)	May 2006 to May 2015
	Costa Group Holdings Limited (Chairman)	Since October 2011
	Seek Limited (Chairman)	Since June 2005
	Transurban Group	Since February 2009
	Grange Resources Limited	January 2009 to April 2014
	Whitehaven Coal	May 2007 to May 2012
Tahira Hassan	Brambles Limited	Since December 2011
	Canada Pension Plan Investment Board	Since February 2015
Wendy Murdock	USAA Federal Savings Bank	Since December 2013

DIRECTORS' REPORT (CONT.)

ENVIRONMENT

Recall's Environmental Policy is set by the Board. It is available on the website at www.recall.com and forms Schedule 4 to the Code of Conduct. It provides that Recall will act with integrity and respect for the community and the environment. More information about Recall's environmental governance, performance and initiatives is set out under Corporate Social Responsibility.

Recall's operations in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. Operations in Australia involve the use or development of land and facilities, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or local government environmental and town planning regulations or may require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no breaches or prosecutions relating to these regulations during the Year.

DIRECTORS' INTERESTS IN SECURITIES

The Remuneration Report includes details of the relevant interests held by Directors, and other group executives whose remuneration details are disclosed, in shares and securities of the Company.

OPTIONS OVER RECALL SHARES

No options over Company shares were granted during the financial year. There were no unissued shares or interests in the Company subject to options at the date of this Directors' Report and no shares issued pursuant to the exercise of options during or since the end of the financial year.

RIGHTS OVER RECALL SHARES

Details of rights over Recall Holdings Limited ordinary shares that were granted, exercised and forfeited during the financial year and the balance as at 30 June 2015 are set out in Note 27 of the Financial Report. There are 7,004,275 share rights currently on issue, held by 132 holders. Rights will vest at various dates in the future if applicable conditions are met. One fully paid ordinary Recall share is allotted for each right which vests. No rights over the shares of any controlled entity were granted during or since the end of the Year to the date of this Report.

RISK MANAGEMENT

A discussion of Recall's risk profile and its management and mitigation of risks can be found in the Operational and Financial Review.

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The amounts paid or payable to PricewaterhouseCoopers, Recall's auditors, for non-audit services provided during the Year are set out in Note 33 to the financial statements. These services primarily related to tax advisory services and other assurance services.

The Audit Committee has reviewed the provision of non-audit services by PricewaterhouseCoopers and provided the Directors with written advice that the Committee is satisfied that the provision of non-audit services during the Year is compatible with the general standard of independence for auditors imposed by the Act. In accordance with the advice received from the Audit Committee, the Directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers did not compromise the auditor independence requirements of the Act for the following reasons:

- the Committee reviews the non-audit services to ensure that they do not impact the impartiality and objectivity of the external auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the external auditor's own work, acting in a management or a decision making capacity for Recall, acting as advocate for Recall or jointly sharing economic risks and rewards.

The Board also took into account the nature of the non-audit services, the quantum of non-audit fees compared to overall audit fees and the pre-approval, monitoring and review requirements under the Audit Committee Charter and the Charter of Audit Independence for non-audit work. The auditors have also provided the Audit Committee with a report confirming that, in their professional judgment, they have maintained their independence in accordance with the firm's requirements, the provisions of APES 110 Code of Ethics for Professional Accountants and the applicable provisions of the Act.

A copy of the auditors' independence declaration is on page 54.

PROCEEDINGS ON BEHALF OF THE COMPANY

No application has been made in respect of the Company under section 237 of the Act.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday 9 November 2015 at The Mint, 10 Macquarie Street, Sydney NSW 2000.

This Directors' Report is made in accordance with a resolution of the Board of Directors.

Dr Ian Blackburne
Chairman

Mr Doug Pertz
Chief Executive Officer

19 August 2015

OPERATIONAL AND FINANCIAL REVIEW

BUSINESS OVERVIEW

Key characteristics of the Recall business model include:

- Highly recurring, contractual revenue streams;
- Attractive margins and cash flow;
- Strong customer satisfaction and long term relationships (16 of its top 20 customers have been with Recall for over 13 years);
- Diverse customer base; and
- Leading market positions in the majority of its global markets served (over 90% of Recall's physical document storage services revenue is generated from markets where Recall estimates it has at least a top two position).

Our customers

Recall has a highly diversified customer base. Whilst many of our clients are multinational companies and include approximately 80% of the Fortune 100 and over 65% of the Fortune 500, Small and Medium-sized Enterprises are a focus and strength.

Recall's partnership approach has enabled it to retain customers and expand its service offering over a long period, having served 16 of its top 20 customers for over 13 years. Whilst our largest customers are predominantly in the financial services industry, we operate across a broad array of other sectors including legal services, health care and government.

Recall maintains two major types of long-term customer contracts:

- The most common is a standard form open-ended contract made with small and medium-sized customers. These contracts generally contain "evergreen" clauses so the initial terms automatically renew unless one party provides notice of termination.
- For larger customers, Recall often enters into tailored customer-specific contracts. Most of these contracts have a term of three to five years; however, some larger customers have seven to 10 year contracts.

Our revenues

Approximately two-thirds of our revenue stream is highly recurring in nature.

- **Storage and retention fees** (54% of FY15 revenue) – Recurring revenue earned under long term contracts, based on the quantity of information under management;
- **Service and activity fees** (43% of FY15 revenue) – Recurring and activity-based revenue earned from the provision of services such as:
  - Secure destruction services (recurring in nature);
  - Stored information retrieval;
  - Document and data tape pick up and destruction;
  - On demand document conversion services;
  - Customer specific projects; and
  - Permout fees received when certain customer agreements are terminated or expire.
- **Paper recycling** (3% of FY15 revenue) – Revenue earned from the sale of shredded paper.

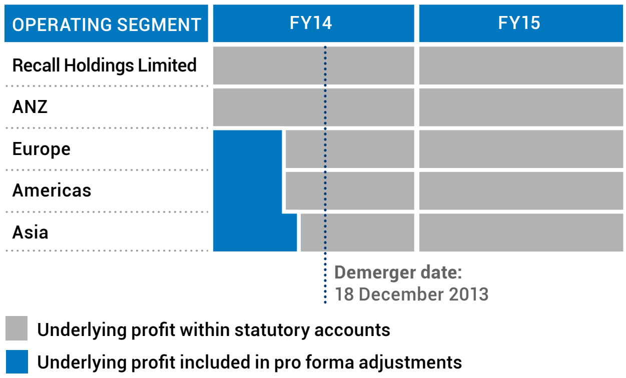
FINANCIAL REVIEW

Due to corporate restructuring leading up to demerger on 18 December 2013, not all of Recall's subsidiary companies were part of Recall for the entire 12 months to 30 June 2014. As such, the statutory reported performance for the comparative 12 month period to 30 June 2014, as reported in the Appendix 4E and Consolidated Financial Report on page 55, differs from the consolidated pro forma performance of the Recall group.

Accordingly, pro forma adjustments have been made to reflect the profits for all entities within Recall at 30 June 2014 as if they were part of the Group for the entirety of FY14. This is illustrated in Table 1 and is most relevant to the Americas, European and Asian entities. For the year ended 30 June 2015 no pro forma adjustments were required.

Constant currency results and percentage growth rates are presented by translating both current and prior comparable period foreign currency results into US dollars at the exchange rates applicable in the prior comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.

Table 1: Pro forma adjustments



Other pro forma adjustments for FY14, as set out in Table 2, include estimated full year standalone costs, the removal of Brambles corporate charges and Demerger costs and other one-off or significant items which are discussed on the next page. In addition, on 31 October 2013, Recall completed the acquisition of 51% of Recall Singapore that it did not already own. Accordingly, Recall Singapore is included as a Joint Venture contribution (i.e. no revenue contribution and earnings contribution at 49%) until that date, and at 100% ownership thereafter.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

Table 2: Reconciliation of statutory operating profit to pro forma underlying profit

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	% CHANGE CONSTANT FX
Statutory operating profit as reported in 4E	**106.7**	**117.3**	**74.6**	
Adjust for:				
Significant items	29.0	33.1	39.0	
Underlying profit	**135.7**	**150.4**	**113.6**	
Pro forma adjustments:				
Profit from Recall entities not in RHL group during entire period			29.0	
Recall stand alone costs incurred			7.5	
Recall stand alone costs – full year estimate			(14.0)	
Brambles corporate charges / other			(3.0)	
Total pro forma adjustments	**–**	**–**	**19.5**	
Pro forma underlying profit	**135.7**	**150.4**	**133.1**	**13.0%**

INCOME STATEMENT

Table 3: Income statement

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	% CHANGE CONSTANT FX
Sales revenue	827.8	888.7	836.1	6.3%
Operating costs	692.1	738.3	703.0	5.0%
Underlying profit (EBIT)	135.7	150.4	133.1	13.0%
EBIT margin %	*16.4%*	*16.9%*	*15.9%*	
Depreciation and amortisation	69.8	73.5	66.5	10.6%
Underlying EBITDA	**205.5**	**223.9**	**199.6**	**12.2%**
Underlying EBITDA %	*24.8%*	*25.2%*	*23.9%*	
Continuing business				
Exclude SDS Germany [1]	(2.7)	(3.7)	0.5	
EBITDA excl. SDS Germany	202.8	220.2	200.1	10.1%
Underlying EBITDA excl. SDS Germany %	*24.6%*	*24.9%*	*24.3%*	
Results before Significant Items				
Underlying profit	135.7	150.4	133.1	13.0%
Finance costs	(21.6)	(23.1)	(21.2)	
Underlying profit before tax	**114.1**	**127.3**	**111.9**	**13.7%**
Tax expense [2]	(38.7)	(40.7)	(41.9)	
Underlying profit after tax	**75.4**	**86.5**	**70.1**	**23.5%**
Underlying Basic EPS (US cents)	**24.0**	**27.6**	**22.4**	**23.3%**

1 Recalls SDS business in Germany was divested December 2014 – adjustment includes trading performance and profit on divestment.

2 Tax expense of $38.7m does not include one-off $10m benefit from Australia tax basis reset, nor the tax effect of the other significant items.

During FY15, Recall delivered constant currency revenue growth of +6.3% and achieved earnings leverage, with underlying EBITDA growth of +12.2%. Excluding any contribution from the SDS Germany business sold in November 2014, EBITDA growth was +10.1%.

The increase in operating cost is largely driven by acquisitions and the full period impact of the re-investment in sales and marketing undertaken during FY14. Increased depreciation and amortisation is largely due to acquisitions, capital leases, and the full period impact of FY14 capital expenditures.

The FY15 underlying effective tax rate is approximately 34%, which is higher than the actual effective tax rate of 23%, due to a one off $10 million tax benefit which has been treated as a significant item and is discussed below. The FY16 effective tax rate is expected to be approximately 35%.

Note that the FY14 NPAT is a pro forma number calculated using estimated finance charges and an estimated effective tax rate.

Significant items

Table 4: Significant items

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX
Demerger related expenses	4.5	4.9	16.7
Restructuring	15.8	19.2	17.1
Acquisition related expenses	2.9	3.1	1.9
Write-off of asset	–	–	3.3
Iron Mountain transaction costs	5.8	5.9	–
Significant Items – before tax	**29.0**	**33.1**	**39.0**
Reset of tax base	(10.1)	(12.4)	
Tax effect of other significant items	(8.5)	(9.8)	(13.1)
Significant Items – after tax	**10.4**	**10.9**	**25.9**

Table 4 sets out the significant items incurred in FY15. Demerger related expenses are predominately long term management retention scheme costs. The restructuring charge was principally incurred in relation to Facility Optimisation Program 2 (discussed below), of which $5 million was a non-cash charge for surplus plant and equipment and $11 million was cash costs associated with lease exit, relocation and other operational costs.

The reset of tax base is a one-off material benefit arising in Australia as a consequence of the creation of a new Australian tax group post demerger.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

Sales revenue

Table 5: Sales revenue (Excl. SDS Germany)

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	CHANGE - CONSTANT FX $	CHANGE - CONSTANT FX %
By operating segment					
Americas	387.4	403.4	353.8	49.6	14.0%
Australia & New Zealand	178.1	196.1	198.2	(2.1)	(1.1%)
Europe (Excl. SDS Germany)	183.4	207.4	209.6	(2.2)	(1.0%)
Asia	74.3	77.0	60.9	16.1	26.4%
Total Recall (Excl. SDS Germany)	**823.3**	**883.9**	**822.5**	**61.4**	**7.5%**
By service line					
Document Management Services (DMS)	641.5	694.6	637.9	56.7	8.9%
Secure Destruction Services (SDS)	96.6	100.3	96.4	4.0	4.1%
Data Protection Services (DPS)	85.1	88.9	88.2	0.7	0.8%
Total Recall (Excl. SDS Germany)	**823.3**	**883.9**	**822.5**	**61.4**	**7.5%**
By revenue category					
Storage / retention	448.9	481.0	443.6	37.4	8.4%
Service and activity	353.6	381.3	358.4	22.8	6.4%
Paper and other	20.7	21.6	20.5	1.2	5.7%
Total Recall (Excl. SDS Germany)	**823.3**	**883.9**	**822.5**	**61.4**	**7.5%**
By existing business and acquisitions					
Existing business	771.0	831.6	793.0		1.1%
Acquisitions	52.3	52.3	29.5		6.4%
Total Recall (continuing business)	**823.3**	**883.9**	**822.5**	**61.4**	**7.5%**

Adjusting for the disposal of the SDS Business in Germany, the continuing business generated constant currency revenue growth of +7.5%. Storage and retention revenue increased +8.4% and service and activity revenue increased by +6.4%, representing a continued positive trend in service revenue. Paper revenue increased by +5.7%, largely due to paper price gains and stable volumes.

The Group revenue performance was underpinned by revenue increases of +8.9% in Document Management Services (DMS), driven by total net carton growth of +7.7%, of which organic carton growth was +2.6%. All regions delivered carton growth, with very strong growth in the Americas and Asia. Data Protection Services (DPS) revenue was up +0.8%. Declining activity revenue reflects recent secular trends in this segment.

Secure Destruction Services (SDS) delivered +4.1% revenue growth, after excluding the German SDS business sold in December 2014. The growth was largely due to the successful implementation of a business improvement plan in SDS America, which drove improved margins and revenue growth.

Operating expenses

Table 6: Operating costs

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	CHANGE - CONSTANT FX $	CHANGE - CONSTANT FX %
Sales revenue	**827.8**	**888.7**	**836.1**	**52.6**	**6.3%**
Employment costs	284.3	303.3	278.5	24.7	8.9%
Service suppliers	145.9	156.1	149.4	6.7	4.5%
Occupancy - Rent	104.7	112.0	100.4	11.6	11.6%
Occupancy - Other	41.2	44.1	41.7	2.5	5.9%
Depreciation	45.2	48.0	43.3	4.6	10.7%
Amortisation:					
Software	8.8	8.9	10.7	(1.8)	(16.5%)
Deferred permout and on-boarding	7.9	8.3	6.4	1.9	29.6%
Acquired customer contracts	7.9	8.4	6.1	2.3	38.2%
Other	46.3	49.2	66.5	(17.3)	(26.0%)
Total operating expenses	**692.1**	**738.3**	**703.0**	**35.3**	**5.0%**
EBIT	**135.7**	**150.4**	**133.1**	**17.3**	**13.0%**

The increase in operating cost is largely driven by acquisitions and the full period impact of the re-investment in sales and marketing undertaken during FY14. Depreciation and amortisation in particular were impacted by acquisitions. Annual inflation and merit based increases were incurred together with costs associated with STI bonus scheme.

Lease commitments as at the end of FY15 are shown in Table 7.

Table 7: FY15 Lease commitments

	OCCUPANCY 2015 US$M	OCCUPANCY 2014 US$M	PLANT 2015 US$M	PLANT 2014 US$M
Within one year	**96.7**	106.7	**8.3**	15.5
Between one and five years	**260.4**	303.4	**10.0**	20.4
After five years	**159.1**	175.0	**–**	0.5
Minimum lease payments	**516.2**	585.1	**18.3**	36.4

During the year, operating lease expense of US$112.7 million (2014: US$80.0 million) was recognised in the income statement.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

Cash flow statement

Table 8: Cash flow statement

US$M	FY15 ACTUAL FX
Cash generated from operations	178.9
Finance costs and taxes paid	(51.6)
Net cash from operating activities	**127.3**
Capital expenditure (PP&E and Intangible assets)	(61.7)
Proceeds from sale of business	20.4
Acquisition of businesses (net of acquired cash)	(144.3)
Net cash from investing activities	**(185.5)**
Net change in borrowings	112.1
Dividends paid	(43.8)
Net cash from financing activities	**68.3**
Net increase in cash and cash equivalents	10.1
Cash Conversion reconciliation	
Cash generated from operations	178.9
Add back cash outflows on Significant Items	18.3
Adjusted cash generated from operations	**197.2**
Underlying EBITDA	205.5
Cash conversion %	**96%**

Table 8 summarises cash flow movements before the impact of foreign exchange movements.

Recall generates strong cash flows from operations ($178.9 million) with an EBITDA conversion ratio of approximately 96%. Cash conversion is stronger in H2 than in H1 due to the timing of annual price increases and the invoicing cycle of a number of large European customers, whilst H1 is negatively impacted by the timing of annual bonus payments and global insurance premiums.

Net cash from operating activities was $127.3 million which was used to fund growth. Net debt increased only $82 million to $566 million over the 12 month period, despite funding $144.3 million of acquisitions and $43.8 million of dividends in that time. Debt ratios remain comfortably within covenants, with closing net debt to EBITDA less than 2.6x.

Note that a prior comparable period is not provided due to the considerable assumptions required to prepare pro forma comparatives.

Capital expenditure

Table 9: Capital expenditure by category

US$M	FY15 ACTUAL FX	FY14 ACTUAL FX
Business line growth	31.8	44.5
Business operations – maintenance/replacement	13.1	23.8
Operational efficiencies & cost savings	12.6	1.3
Product development	4.1	2.3
Real estate	0.1	0.9
Total capital expenditure	**61.7**	**72.8**
Less: FOP and digital services	(11.9)	(2.3)
Net capital expenditure	**49.8**	**70.5**
Percentage of revenue (total)	**7.4%**	**8.7%**
Percentage of revenue (adj. for FOP and digital)	**6.0%**	**8.4%**

Total capital expenditure for FY15 was $61.7 million, equivalent to 7.4% of revenue, with $31.8 million invested in business growth. This compares with capital expenditure in FY14 of $72.8 million, equivalent to 8.7% of revenue. Adjusted to account for capital expenditure on special projects including the Facility Optimisation Programs and Portal/Command IG, the capex spend is $49.8 million, equivalent to 6.0% of revenue. The reduced capex spent on the core business reflects increased rigour and discipline around capital management and a continued focus on improving ROCI. Major capital expenditures included new and expansion racking of $11.7 million, customer onboarding costs of $13 million, IT infrastructure of $6.1 million and investments related to the Facility Optimisation Programs of $7.7 million, which are included in operational efficiencies. Product development capex primarily relates to the Portal and Command IG.

CAPEX definitions

Business line growth – Expenditure that supports new revenue growth. It is primarily related to capacity expansion such as investments in new racking, tape storage systems, shred plants, bins, cases, scanners and processing capacity.

Maintenance/replacement – Expenditure primarily related to major repairs and/or the replacement of assets such as facilities, racking, information/destruction centre equipment, vehicles and IT equipment at the end of its useful life.

Operational efficiencies – Expenditure primarily related to investments focused on driving increased profitability through operational efficiencies and costs savings, such as facility consolidations, software systems or equipment to support operational or functional process improvements.

New product development – Expenditure directly related to the development of new product offerings or services.

Real estate and buildings – Expenditure related to the acquisition of real estate, either through purchase or construction of a new facility, the buyout of an existing facility or the acquisition of land.

Merger and Acquisition activity

Recall completed 12 acquisitions during FY15, for a total purchase consideration of $144.3 million. Seven were completed in the USA, three in Australia, one in Brazil, and one in the United Kingdom. These transactions contributed $23.4 million to revenue in FY15 and are expected to generate annual revenue of $48 million. The average acquisition EBITDA multiple, post synergies, of these transactions is less than 6.5x. The major transaction closed during FY15 was the $77 million acquisition of Business Records Management in the USA in December 2014, which has annual revenue of approximately $21 million.

Recall continues to build its acquisition pipeline across all four regions which is expected to drive acquisition growth in FY16.

In addition, the sale of the German SDS business completed in December 2014.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

OPERATING SEGMENT REVIEW

Americas

A review of Recall's four operating segments is set out below.

Table 10: Americas

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	CHANGE - CONSTANT FX $	CHANGE - CONSTANT FX %
Sales Revenue	387.4	403.4	353.8	49.6	14.0%
EBIT	72.4	76.0	60.0	16.0	26.6%
EBIT Margin %	18.7%	18.8%	17.0%		
Depreciation and Amortisation	30.3	31.3	22.7	8.6	37.8%
EBITDA	102.7	107.3	82.7	24.6	29.7%
EBITDA Margin %	26.5%	26.6%	23.4%		
Capital Expenditure	33.6	35.1	47.5	(12.4)	(26.1%)

The Americas reported revenue growth of 14.0% in constant currency terms, driven by a renewed focus on M&A (which provided revenue growth of approximately 10%) and success in the SME market. Brazil delivered excellent growth across all service lines, especially in the core document storage business, which generated organic growth approaching double digits. EBITDA margin improved by 320bps showing strong operating leverage, leading to a 29.7% improvement in EBITDA.

A significant contributor to the improvement in EBITDA margin was improving utilisation of both racking and building assets, driven by Facility Optimisation Program 1 which is progressing well and in line with the original plan, completing the onboarding of a major Canadian government agency and commencing the onboarding of HSBC in the USA, Canada and Mexico. Racking utilisation improved 360bps to 94.2% and building utilisation improved 480bps to 87.4%. The SDS improvement plan implemented in late FY14 has resulted in 600bps improvement in the SDS gross margin.

Capital expenditure of $33.6 million primarily related to costs associated with Facility Optimisation Program 1 and onboarding of major clients.

Europe

Table 11: Europe (excluding SDS Germany)

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	CHANGE - CONSTANT FX $	CHANGE - CONSTANT FX %
Sales Revenue	183.4	207.4	209.6	(2.2)	(1.0%)
EBIT	24.5	28.9	27.0	1.9	7.2%
EBIT Margin %	13.4%	13.9%	12.9%		
Depreciation and Amortisation	12.2	13.6	13.4	0.2	1.4%
EBITDA	36.7	42.5	40.4	2.1	5.3%
EBITDA Margin %	20.0%	20.5%	19.3%		
Capital Expenditure	7.5	8.7	9.0	(0.3)	(3.5%)

The underperforming SDS Germany business was divested in December 2014. Adjusting for that disposal, the constant currency revenue of the continuing business declined 1.0%. The region remains subject to pricing pressure but carton growth was assisted by commencing onboarding of HSBC in France as well as other major wins across the UK and southern Europe.

Tight management of direct costs and overheads, and driving productivity gains, has offset revenue pressure such that EBITDA was up 5.3% to $42.5 million and margins have increased by 120bps to 20.5%. Improving racking utilisation by 390bps to 88.4% also drove margin expansion. Targeted racking utilisation is between 93%-95%, which leaves room for further improvement. Productivity gains were assisted by the successful implementation of a new data processing facility in Romania.

The Facility Optimisation Program 1 is on track in France, and has been expanded to include new consolidation plans in the UK, France and Denmark.

Australia and New Zealand (ANZ)

Table 12: Australia and New Zealand

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	CHANGE - CONSTANT FX $	CHANGE - CONSTANT FX %
Sales Revenue	178.1	196.1	198.2	(2.1)	(1.1%)
EBIT	40.4	45.6	53.7	(8.1)	(15.0%)
EBIT Margin %	22.7%	23.3%	27.1%		
Depreciation and Amortisation	11.7	12.8	11.8	1.0	8.6%
EBITDA	52.1	58.5	65.5	(7.0)	(10.7%)
EBITDA Margin %	29.2%	29.8%	33.0%		
Capital Expenditure	4.8	5.3	4.6	0.7	14.1%

In Australia and New Zealand, constant currency revenue declined 1.1% in FY15, albeit H215 was stronger than H115 and H214, indicating solid momentum as we move into FY16. Strategic price reductions from the prior period, led to revenue decline of 4.1% in H115. However, price increases, lower concessions and fewer price renegotiations in H2 resulted in overall positive pricing in ANZ for FY15.

Strong carry over wins and improving customer retention have resulted in positive carton volume growth in Australia. Three acquisitions completed during FY15 will help to drive growth in FY16. The most significant acquisition, of Access Records Management in August 2014, is performing well and in line with expectations.

Aggressive cost controls focused on transportation and labour began to take effect in H215 and will accelerate into FY16. In FY15, utilisation decreased as a result of the Access acquisition and the expansion of a facility in Christchurch, New Zealand. The Facility Optimisation Program 2 was launched in H215, which is expected to generate approximately $6.5 million of EBITDA benefit when fully implemented by FY18.

Asia

Table 13: Asia

US$M	FY15 ACTUAL FX	FY15 CONSTANT FX	FY14 ACTUAL FX	CHANGE - CONSTANT FX $	CHANGE - CONSTANT FX %
Sales Revenue	74.3	77.0	60.9	16.1	26.4%
EBIT	17.7	18.6	14.0	4.6	32.7%
EBIT Margin %	23.8%	24.2%	23.0%		
Depreciation and Amortisation	5.8	6.0	6.2	(0.2)	(3.2%)
EBITDA	23.5	24.6	20.2	4.4	21.8%
EBITDA Margin %	31.6%	31.9%	33.1%		
Capital Expenditure	5.4	5.6	5.4	0.2	2.8%

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

The Asian region delivered revenue growth of +26.4% during the period. Excluding the impact of the Singapore acquisition undertaken prior to the Demerger, organic growth was a very strong +11%. Underpinning this strong result was carton growth and improving customer retention, together with successful price increases with large customers.

Utilisation rates were already very high across Asia, and carton volume growth led to density increases. Racking utilisation increased 110bps to 96.4%, and building utilisation was unchanged at 84.3%. Utilisation ratios improved in Asia despite expansion within China, India and Thailand. The region is above targeted racking utilisation and additional investment is required, particularly in the key markets of Singapore and Hong Kong.

Operating facilities and utilisation

Table 14: Operating facilities

	NUMBER OF FACILITIES	
OPERATING FACILITIES	**FY15**	**FY14**
Americas	163	153
Europe	76	78
ANZ	53	47
Asia	28	28
Total Recall	**320**	**306**
Owned Facilities	19	22
Leased Facilities	301	284
Avg. Lease Tenure Remaining (years)	**3.8**	**3.8**

Recall has a total property portfolio covering 320 facilities, totalling 19.6 million square feet. The average remaining lease tenure remains 3.8 years, although facility operating leases generally include lease extension options for multiple years. With planned extensions, the average lease term is 7.7 years.

In FY15, 32 sites were added to the portfolio as a result of acquisitions including 26 in the USA, four in Australia, one in Brazil and one in the UK. Additionally, 10 new facilities were opened in FY15 including three new operations, two temporary sites, two offices, two relocations, and one new downsized SDS facility as a result of Facility Optimisation Program 1. Finally, 28 facilities were vacated or closed, including 18 related to Facility Optimisation Program 1.

Table 15: Utilisation

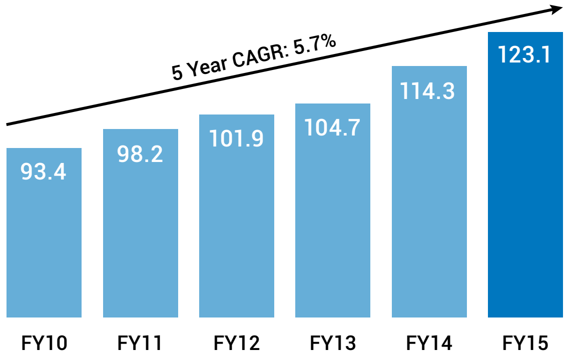
	RACKING UTILISATION %		BUILDING UTILISATION %	
	FY15	**FY14**	**FY15**	**FY14**
Americas	94.2	90.6	87.4	82.6
ANZ	92.0	94.2	88.6	90.3
Europe	88.4	84.5	78.3	76.5
Asia	96.4	95.3	84.3	84.3
Total Recall	**92.7**	**90.2**	**85.2**	**82.6**

Improving the building and racking utilisation of facilities continues to be a key strategic and operational focus for Recall. During FY15, racking utilisation improved 250bps to 92.7% and building utilisation improved 260bps to 85.2%. Ratios improved across all regions except ANZ, which was impacted by the Access acquisition and a facility expansion in Christchurch, New Zealand.

Facility Optimisation Program 1 commenced at the beginning of FY15. The program is 12 months into a 30 month project and is running to schedule, with 17 facilities exited to date in North America and one in France. Costs are currently on budget and capex in FY15 of $7 million is lower than anticipated. In June 2015 Recall announced our second Facility Optimisation Program which covers consolidation opportunities in Australia, Brazil, and Europe.

Carton holdings [1]

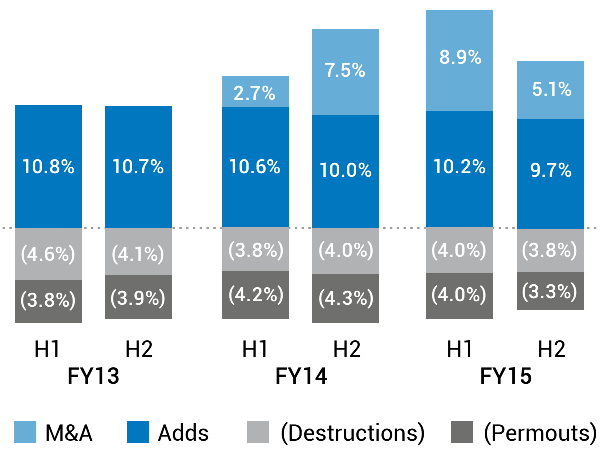
Table 16: Year-end carton holdings (millions)



Carton holdings have grown each year for the past five years at a compound annual growth rate of 5.7%. Holdings as of 30 June 2015 are 123.1 million Es. New major contracts supported organic new adds and revenue.

Table 17: Carton growth – rolling 12 months [1]

	H113	H213	H114	H214	H115	H215
Total Carton Growth %	2.4	2.7	5.3	9.2	11.0	7.7
Net Organic Carton Growth %	2.4	2.7	2.6	1.6	2.2	2.6



Total net carton growth was 7.7%, of which +2.6% was organic, ahead of the +1.6% organic growth reported at FY14. All regions generated carton growth and permouts reduced by 100bps to 3.3% from the end of FY14. Acquisitions added +5.1% and new major contracts supported organic new adds.

1 Excludes impact of 1 million cartons damaged in Citi Storage fire.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

BALANCE SHEET AND FINANCIAL RISK

Recall's treasury group is responsible for the management of the capital structure, dividend payments and the management of certain financial risks inherent in the business, including interest rate and foreign exchange risk. These activities are conducted on a centralised basis in accordance with Company policies and guidelines through standard operating procedures and delegated authorities and overseen by the Board.

In determining its targeted capital structure, Recall considers future cash flow generation, potential funding requirements for growth, productivity and acquisitions, the cost of capital, and ease of access to funding sources. Recall's principle source of funding is a US$1,050 million Syndicated Facility Agreement, discussed further below, complemented by unsecured overdraft facilities of approximately US$42 million. Other potential sources of capital include global private placement markets, bank credit, equity issuance, hybrid securities and structured leasing programs and proceeds from the liquidation of non-strategic assets.

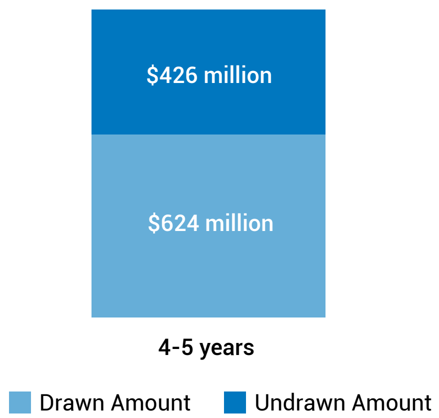
These funding sources provide adequate liquidity to satisfy future needs.

Recall has funded its operations since Demerger on 18 December 2013 through a multi-bank syndicated credit facility which had an initial credit limit of US$800 million. On 29 October 2014, Recall refinanced the facility with the seven existing syndicate banks, increasing the facility size from US$800 million to US$1,050 million, reducing the interest margin and fees, and extending the tenor for the full amount to 29 October 2019.

The facility is unsecured, and includes covenants related to leverage (net debt/pro forma EBITDA maximum 3.5x) and pro-forma interest coverage (EBITDA/net finance costs minimum 3.5x). The facility allows for floating rate borrowings in multiple currencies, which mirror those utilised by our global operating entities, providing natural foreign exchange offsets. Borrowings under the facility bear interest at a periodic fixed rate equal to the base rate for the applicable interest period and currency denomination, plus an applicable margin.

Table 18 shows the maturity profile of this credit facility as at 30 June 2015.

Table 18: Maturity profile of syndicated credit facility



Net debt increased from US$484 million at 30 June 2014 to US$566 million at 30 June 2015, as a result of increased borrowings to fund acquisitions, offset in part by the appreciation of the dollar and the utilisation of cash provided by operating activities to repay outstanding balances. As shown in Table 19, Recall is well within the financial covenants of its syndicated credit facility, with net debt to pro forma EBITDA at 2.6x and pro forma EBITDA to pro forma net finance costs at 9.5x.

Table 19: Net debt and key ratios

US$M	JUNE 2015	JUNE 2014	CHANGE
Gross Debt	$654.6	$556.4	$98.2
Less Cash	(88.5)	(72.1)	(16.4)
Net Debt	$566.1	$484.3	$81.8
Key Ratios [1]			
Net debt to Pro forma EBITDA	2.6x	2.4x	
Pro forma EBITDA to net finance costs	9.5x	9.4x	

1 Ratios calculated as defined in the Syndicated Facility Agreement Dividends.

Dividends

For H1 FY15, the Recall Board paid a dividend of 9.0 Australian cents per share, paying out approximately 60% of underlying profit after tax for the six-month period. The dividend was 30% franked and 70% was classified as conduit foreign income.

For the final FY15 dividend, the Recall Board has determined to pay a dividend of 10.0 Australian cents per share. Accordingly, total dividends in FY15 of 19.0 Australian cents per share mean that Recall will have paid out approximately 60% of underlying profit after tax for FY15. The final dividend will be 40% franked and 60% will be classified as conduit foreign income. The dividend is expected to be paid on 28 October 2015 to shareholders on the Recall share register on 7 October 2015.

Both dividends were in line with the Board's policy to target a long-term dividend pay-out ratio of 55-70% of underlying profit after tax, after taking account of the future funding needs of the business. This policy will be kept under review by the Board and may change over time.

The Board has confirmed that Recall intends to frank future dividends to the extent practicable, which is likely to mean partial franking in the medium term. The unfranked component of Recall's dividends paid to non-Australian residents is intended to be conduit foreign income to the extent possible and therefore not subject to Australian withholding tax. However, there is a risk that some, or all, of the unfranked component may be subject to Australian withholding tax.

A Dividend Re-investment Plan was established in August 2014, but not yet activated.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

Financial Risk Management

Financial risk is primarily managed through natural offsets in our global income-expense and asset-liability footprint. Where this is not possible, Recall uses standard derivatives to manage known financial exposures in the normal course of business. It does not use derivatives for speculative purposes and only transacts derivatives with relationship banks.

Interest Rate Risk

Recall's interest rate risk policy is designed to reduce volatility in funding costs and increase predictability of earnings. The policy guides the level of fixed-rate debt to be within 40% to 70% of total funded debt. At 30 June 2015, 33% of Recall's debt was effectively fixed-rate primarily through fixed-rate interest rate swaps, with terms mirroring those of the underlying debt. The Company continues to evaluate opportunities to fix a greater portion of its borrowings, however the potential closure of the transaction with Iron Mountain means entering interest rate hedges is unlikely to be economically attractive. The fair value of all interest rate swaps was a US$0.7 million net loss at 30 June 2015.

Foreign Exchange Risk

Recall manages its foreign exchange exposures with the goal of reducing volatility in the value of foreign currency cash flows and assets. Under Recall's policy, foreign exchange risk management mainly pertains to the hedging of known transaction exposures exceeding a certain threshold and to intercompany exposures with no natural offset. At 30 June 2015, the fair value of foreign exchange contracts was negligible.

Table 20 highlights Recall's currency mix, relevant exchange rates and currency mix of drawn debt.

Table 20: Foreign exchange information

US$M	TOTAL	USD	EUR	AUD	GBP	OTHER
FY15 Pro forma Revenue (Actual FX)	827.8	268.8	97.6	158.5	42.1	260.8
% Total	100.0%	32.5%	11.8%	19.2%	5.1%	31.4%
Exchange rates						
As at 30 June 2014		1.0000	1.3657	0.9397	1.7044	
As at 30 June 2015		1.0000	1.1166	0.7687	1.5707	
Drawn debt in US$M equivalent (30 June 2015 FX)	619.3	407.4	94.3	116.1	0	1.5
% Total	**100.0%**	**65.8%**	**15.2%**	**18.7%**	**0%**	**0.2%**

SIGNIFICANT RISKS AND UNCERTAINTIES

Recall has adopted a risk management framework that sets out the processes for the identification and management of risk throughout the Group. Further details are described in Section 7 of the Corporate Governance Statement, which is available on Recall's website: www.recall.com

The risk management framework provides for a biannual production of a Group risk matrix, which sets out the key strategic and operational risks facing the Group and the steps being taken to mitigate those risks. The key risks are rated on the basis of their potential impact on the Group as a whole after taking into account current mitigating actions.

Listed below are the net risks on the strategic and operational risk matrix. Investors should be aware that there are other risks associated with an investment in Recall.

Inability to maintain information security or inadequate contract management

The inability of Recall to offer its customers highly secure information management solutions may adversely impact Recall's reputation and cause reputational and financial loss to its customers. Any breaches of information security standards may impact Recall's ability to retain customers or win contracts with new customers, which could have a material impact on Recall's operational and financial performance.

In addition, any inadequate customer contracts or undocumented customer arrangements could give rise to a potential exposure to customer disputes and legal liability in the event of a service failure, such as loss of customer data.

Inability to comply with regulatory obligations

Government regulations affect all aspects of Recall's operations. Those regulations impose obligations on Recall in respect of customer privacy, customer compliance programs, IT, security, transport, occupational health and safety, environmental protection and security over personal property among other things. Recall also has specific compliance obligations in respect of certain heavily regulated customers (e.g. financial institutions).

If Recall is unable to comply with its regulatory obligations it could give rise to litigation, adversely affect licences held by Recall to operate its business and damage its reputation, which could adversely affect its operational and financial performance. In addition, any material change or increase in regulatory obligations could also adversely affect the viability of Recall's current business model and strategies.

Competition and loss of major customers

Recall competes with multiple storage and information management service providers and sometime faces aggressive price discounting or other actions, making it challenging to win new business with medium/large enterprise businesses. In addition Recall could lose customers to competitors, or be required to offer strategic price reductions and/or other incentives to retain their business.

Recall also faces risks associated with customers seeking to reduce their business with Recall due to the implementation of strategies or policies designed to reduce costs, including reducing the volume of documents in storage (i.e. lower new volumes and higher destructions of existing volumes), reducing levels of activity and special projects, or seeking price reductions through aggressive procurement management initiatives.

Either of the above scenarios may result in lower revenues and margins and have a material impact on Recall's financial performance.

Failure to adapt to changes in business environment

The risk associated with incremental or rapid changes in the business environment in the markets in which Recall operates such as:

- The advancement of digital documentation management and retention technologies or polices, of governments and customers, may lead to a decline in the volume of physical records requiring to be stored, impacting future revenues and growth rates in our core DMS retention service line. In addition physical records may become less active (retrievals, projects etc) leading to declining activity revenues.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

- The continued advancement of disc and tape back up technology (increasing data density) and cloud back up and storage solutions, and its growing adoption, may lead to declines in the volume of media we manage within our DPS service line. In addition existing tapes may become more archival leading to reductions in service revenues.
- The fluctuation in commodity prices such as for shredded paper and fuel may impact our profitability, as may rising labor costs and market rental rates for the industrial properties we lease.

The above risks may result in declining or more volatile future revenue streams and key cost inputs and could have a material impact on Recall's operational and financial performance.

Disruptions to systems and technology impairing ability to provide services

The risk that our IT systems and infrastructure are subject to damage or interruption from power outages, hardware, software and telecommunications failures, viruses and malware, insufficient or ineffective support/maintenance, catastrophic events (fires, hurricanes, floods), ineffective data and system backups and recovery plans and usage errors by employees or contractors. In addition Recall may be vulnerable to unauthorised access attacks by third parties (i.e. hackers). The risk that our key business systems do not deliver the business critical information in a timely, accurate and cost effective manner or that they are unable to effectively support the business into the future.

Any of the above risks may result in interruptions to our operations and the inability to service our customers, which may adversely impact our financial performance.

Inability to attract, develop and retain high performing individuals

In order to manage and operate its business effectively, Recall must attract, develop and retain high performing individuals across the Company. Challenges include recruiting external executives with the necessary experience and recruiting or transferring executives who are suitable for each of the various countries, cultures and business environments in which Recall operates. Externally recruited executives and employees do not have the institutional knowledge and experience with the Recall business available to previous or existing executives and employees.

Recall also faces the challenges of maintaining a reputation as an attractive place to work and to enable talented individuals to be developed and promoted within Recall. To do so, Recall must ensure it has a remuneration structure that meets market expectations, quality human resources and training systems and opportunities for advancement, including effective succession planning.

Insufficient growth or inability to execute strategy

Growth is important to Recall's strategy. Recall may fail to effectively implement growth strategies or devote sufficient resources to new business initiatives or select and pursue sub-optimal corporate strategies, business models, financial structures or allocation of capital that could, in each case, inhibit the growth of Recall's business. This may have an impact on Recall's daily operations, profitability, demand for Recall's services, employee retention, asset carrying values and investor confidence in the business and its management.

Recall may be unable to: acquire and integrate businesses or technologies to complement its current service offerings; keep up with technological changes, evolving industry expectations and changing customer requirements; develop, hire or otherwise obtain the necessary technical expertise; accurately predict the size of the markets for any of its services; or, compete effectively against other companies that possess alternative platforms, technologies or service offerings.

Inability to innovate or take advantage of technological advancements

Recall is subject to the risk of not being able to optimise innovations in its services, products, processes and commercial solutions, which may adversely impact its ability to exploit growth opportunities and its operational and financial performance.

In particular, technology continues to evolve rapidly, leading to alternative methods for information management and storage. Failure to protect and exploit Recall's technology and intellectual property, or to respond to and develop new products to take advantage of technological advancements, could adversely affect Recall's digital solutions business, revenue and asset values.

Inability to manage occupational health and safety obligations

Recall is subject to various operational risks, including industrial hazards, road traffic or transportation accidents or equipment failures that could potentially result in injury or fatality to employees, contractors or members of the public. Recall has adopted a Zero Harm policy to manage the safety risks, but faces challenges of implementing that policy in locations where Zero Harm is not the local norm.

Impact of fires or other unexpected events

The risk associated with major unexpected events that could impact Recall's operational and financial performance, cause service disruptions to our customers and result in reputational damage, asset impairment or litigation. Such events could include fires or other serious events at our facilities, natural disasters (i.e. hurricanes, floods, earthquakes), security breaches leading to loss or compromise of customer data, IT system failure (refer to Systems and Technology risk), fatalities, major accidents and labour strikes. In addition Recall may be impacted by acts of terrorism or social unrest.

Other risks associated with investing in Recall

Dividend policy may change over time

Recall's dividend policy will be determined by the Recall Board at its discretion after taking account of the availability of profits, operating results and financial performance of Recall, future capital requirements, covenants in relation to financial agreements, general business conditions and other factors considered relevant by the Recall Board; therefore, Recall's dividend policy may change over time and there is no assurance that Recall will pay dividends at any particular level or with any particular regularity.

OPERATIONAL AND FINANCIAL REVIEW (CONT.)

Dividends may be unfranked or not fully franked

No assurances can be given in relation to the level of franking associated with any dividend paid to Recall shareholders, including the unfranked component of dividends paid to non-Australian residents being classified as conduit foreign income and therefore not subject to Australian withholding tax. The level of franking is subject to the amount of tax paid in the future, the existing balance of franking credits and other factors considered relevant by the Recall Board.

Ability to service or refinance debt

Recall may become unable to service or refinance existing debt, or obtain new debt, on acceptable terms or at all, depending on future performance and cash flows which are affected by various factors, some of which are outside Recall's control, such as interest and exchange rates, general economic conditions and global financial markets. If any of these scenarios materialise, Recall may be unable to raise finance on acceptable terms to repay maturing indebtedness, and consequently need to reallocate capital from other uses, such as funding its growth, to meet its obligations or respond to market pressures, which could adversely affect the longer term prospects and financial performance of its business; or it may also default, which could result in cross-defaults under other indebtedness. Additionally, ongoing requirements to meet debt covenants may impact Recall's ability to refinance debt.

Negative publicity and failure to communicate effectively

Recall is subject to the risk that negative publicity, whether true or not, may affect stakeholder perceptions of Recall's past actions and future prospects. Being listed on the ASX, Recall is subject to risks relating to market expectations for its business, and financial and operating performance. If Recall does not communicate these expectations in an effective manner, this may give rise to a loss of investor confidence in its business and management.

Market risks and risks associated with investment in equity capital

The trading price of Recall shares may fluctuate depending on the financial condition and operating performance of Recall, as well as other external factors over which Recall has no control, including general movements in Australian and international stock markets, investor sentiment, Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation, changes in government regulation and policies, announcement of new technologies, and geo-political instability. Fluctuation in Recall's share price may cause difficulties in raising capital, attracting analyst coverage, and accessing liquidity and funding.

Adverse global economic conditions

General economic conditions, globally or in one or more of the markets served by Recall, may adversely affect its financial and operational performance. Recessionary or low economic growth conditions may adversely impact the business of Recall's key customers, and as a result they may fail to make payments or perform their other obligations on time or at all, increasing Recall's general counterparty credit risk. Additionally, poor economic conditions may reduce demand for Recall's services as well as force customers to seek protection under bankruptcy laws, potentially affecting both future business and the ability of Recall to collect accounts receivables and may give rise to an increase in the delay of debtor payments. There is no guarantee of Recall being able to obtain damages sufficient to compensate for losses arising as a result.

Additionally, Recall is also exposed to outsourcing risk where its operations rely on third parties. Market conditions and/or changing business needs may require Recall to reorganise its operations or outsource more activities, which could lead to risk of business disruption.

Exposure to rising interest rates

While Recall takes reasonable steps to protect itself through the use of hedges, any rise in interest rates may nonetheless adversely impact Recall's interest payments on floating rate instruments and adversely impact the performance of Recall's business.

Exposure to fluctuating foreign exchange rates

Recall has operations around the world and therefore is exposed to foreign earnings, expenses and borrowings which are translated into US dollars. As a result, any movements in exchange rates may impact the profit and loss account or assets and liabilities of Recall, to the extent foreign exchange rate risk is not appropriately hedged.

Unfavourable changes in taxation laws

Variation in the taxation laws of Australia and the other countries in which Recall operates could materially affect Recall's financial performance. The interpretation of taxation laws could also change, leading to a change in taxation treatment of investments or activities. Consistent with other companies of comparable size, financing complexity and diversity, Recall may be the subject of periodic information requests, investigations and audit activities by the ATO and tax authorities in other jurisdictions in which it operates.

Changes in accounting or financial standards

Changes in accounting or financial reporting standards may adversely impact the reported financial performance of Recall.

REMUNERATION REPORT

The Directors of Recall Holdings Limited present the Remuneration Report for the Recall Group for the year ended 30 June 2015. The report is prepared in accordance with the Corporations Act 2001 (Cth) (the Act) and Regulations. All amounts are in U.S. dollars unless otherwise noted.

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KEY DEFINITIONS

TERM	DEFINITION
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
EBIT	Earnings before interest and tax
EPS Growth	Earnings per share growth
Executive KMP	The CEO and executives with authority and responsibility for planning, directing and controlling the activities of Recall as listed in section 2
KMP	Executive KMP and the NEDs together comprise the KMP
Lean Six Sigma	Continuous improvement methodology for elimination of inefficiencies and waste
LTI	Recall's long-term incentive plan
M&A	Mergers and acquisitions
NED	Non-Executive Director
PSP	Recall's performance share plan
ROCI	Return on capital invested
STI	Recall's short-term incentive plan
TSR	Total shareholder return

REMUNERATION REPORT (CONT.)

SECTION 1 – EXECUTIVE SUMMARY

The Recall remuneration program balances the needs of a global company to provide an executive remuneration program that attracts and retains the right talent and achieves the business strategy in each of its key global markets while ensuring regulatory and governance compliance under Australian laws and the ASX Listing Rules. This remuneration program is in place not only for the Executive KMP but also for employees across the Recall Group who may be invited to participate in certain elements of the program.

FY15 represented the first full financial year for Recall since its demerger in FY14 (December 2013). It also represented the first full year of the remuneration program established by the Board for an independent, publicly traded Recall. The remuneration program is designed to accelerate the execution of the Recall business strategy in a manner that supports the creation of shareholder value, thus aligning the interests of executives with shareholders.

The Board is confident that the program was successful in achieving those goals in FY15 based on the results noted below. The Board plans to make no material changes to the design of the plans for FY16 other than establishing new financial targets. The STI will continue to reward for results delivered in EBIT, Revenue Growth, Cash Flow and role-specific Personal Objectives. The LTI will continue to reward for results delivered in ROCI, EPS and Relative TSR (see section 5 for details about the STI and LTI).

FY15 performance and remuneration outcomes

The Board is pursuing a strategy based on three primary strategic objectives: sustainable profitable growth, operational excellence and innovating for the future, including executing a differentiated digital strategy, which we believe will create shareholder value, both in the near term and over the longer term. In FY15 Recall delivered year on year growth in revenue, EBIT and cash flow on a constant dollar basis. The Board uses a constant dollar basis in the STI to assure that management remuneration is not affected inappropriately, either positively or negatively, by foreign exchange rate movement which does not reflect the fundamental operating performance of the Company.

In addition to these financial results, during FY15, significant progress continued to be made in support of these three strategic priorities:

- Delivering sustainable profitable growth in the core business;
- Driving productivity and reducing costs via Lean Six Sigma and continuous improvement programs;
- Optimising facilities to improve capacity utilisation and ROCI and reducing capital expenditure demand;
- Improving the performance and returns of the North American SDS business;
- Building an M&A pipeline of accretive acquisitions that are synergistic with the core business and successfully executing acquisitions in four countries;
- Investing in targeted strategic growth opportunities, such as in China and India;
- Expanding the digital product and service offerings so that customers can rely on Recall to manage both their physical and digital records.

During FY15, remuneration increases were consistent with market trends. The CEO received a 3% base salary increase as of 1 April 2015. In general, the other executive KMP received base salary increases ranging from 2.5% to 3% in FY15, in line with their respective country norms. The STI award for the CEO was 145% of target reflecting the strong Group and individual performance as discussed in section 7 of the Report. The STI awards for the other executive KMP ranged from 97% to 149% of target based on Group, regional (where applicable) and individual performance.

There are no LTI outcomes to report as the first cycle of LTI for FY14-16 will be completed at the end of FY16. LTI grants for the FY15-17 performance cycle for the CEO and other executive KMP were approved in the form of performance share rights granted at face value based on the VWAP for the last 10 trading days in June 2014 (A$4.66), reflecting the share price immediately prior to the start of the performance period. The quantum of the LTI grants to the CEO and other executive KMP were consistent with the LTI program structure discussed in section 5. The performance hurdles for this LTI grant are ROCI, EPS and Relative TSR and are also discussed in section 5. In addition, tranche 2 of the CEO's sign-on award, described in section 10, vested during FY15. The shares allotted to him on vesting are held in trust, increasing his significant share ownership in Recall.

Implications of Iron Mountain Transaction on Remuneration

In June 2015, the Company entered into a Scheme Implementation Deed with NYSE listed Iron Mountain Inc. for a takeover of the Company by way of a recommended, court approved scheme of arrangement. Completion of the transaction is subject to obtaining various regulatory and shareholder approvals and is not expected to occur until early 2016.

As a result of the takeover offer, the Board reviewed the existing Executive KMP employment agreements, customary practices in relation to such transactions and country specific market norms. Following this review, the Board has put in place a number of arrangements to protect the interest of Recall shareholders. Specifically, these arrangements will assure the continued focus of leadership on business results and shareholder value and support the retention of key leaders during a period of significant uncertainty. These arrangements also ensure continued momentum on the Recall strategic priorities during the lengthy approval process and protect the Company in the event the transaction is not completed. The arrangements apply to the Executive KMP and certain other Recall staff and are described in section 9 of this report. In the period from the date of this report up to implementation of the takeover (if all necessary approvals are obtained), the Recall executive remuneration programs will continue to operate in the ordinary course of business. Further information about the takeover is on the website and will be in the scheme book that will be sent to shareholders.

REMUNERATION REPORT (CONT.)

SECTION 2 – KEY MANAGEMENT PERSONNEL

The Executive KMP and the NEDs of the Company for FY15 are listed in the table below.

EXECUTIVE KMP

Doug Pertz	President, Chief Executive Officer and Director	Appointed in FY13
Mark Wratten	Senior Vice President and Chief Financial Officer	Appointed in FY13
Mark Wesley	President, Recall Americas	Appointed in FY13; joined Recall in 2002
Christian Coenen	President, Recall Europe	Appointed in FY11; joined Recall in 2000
Owen Kinnaird	President, Recall Australia and New Zealand	Appointed in FY14

NON-EXECUTIVE DIRECTORS

Ian Blackburne	Chairman and Non-Executive Director Chair of Remuneration and HR Committee Member of Audit Committee	Appointed 24 September 2013
Neil Chatfield	Non-Executive Director Chair of Audit Committee Member of Remuneration and HR Committee	Appointed 24 September 2013
Tahira Hassan	Non-Executive Director Member of Remuneration and HR Committee	Appointed 18 December 2013
Wendy Murdock	Non-Executive Director Member of Audit Committee	Appointed 18 December 2013

SECTION 3 – REALISED REMUNERATION FOR FY15

Table 3.1 on the next page sets out the actual value of remuneration realised by Executive KMP in FY15 and FY14. The information in Table 3.1 is different from the statutory disclosures in sections 7 and 12 of this report. The difference between Table 3.1 and the statutory accounting tables is the value of equity (i.e. Deferred STI and LTI). Table 3.1 reflects the value of the equity vested during the given year and the statutory accounting disclosures reflect the amount expensed for all outstanding equity in a given year.

The remuneration calculations shown in section 7 are based on the accounting standards principle of accrual accounting and therefore do not necessarily reflect the amount of remuneration an executive actually realised in a particular year. To supplement the statutory disclosure, Table 3.1 shows the actual remuneration realised by each KMP in the years shown. The deferred STI and LTI amounts in Table 3.1 show the value of awards earned during prior plan years which vested in the current year. All other amounts in Table 3.1 are reported in accordance with accounting standards.

A portion of the remuneration for FY14 attributable to the period prior to the demerger represents remuneration paid or accrued by Brambles Limited.

Table 3.1 Cash compensation received in relation to FY14 and FY15

		BASE SALARY[1] US$	NON-MONETARY BENEFITS[2] US$	SUPER-ANNUATION OR DEFINED CONTRIBUTION BENEFITS[3] US$	CASH STI[4] US$	DEFERRED STI WHICH VESTED[5] US$	PREVIOUS YEARS' EQUITY WHICH VESTED[6] US$	OTHER[7] US$	TOTAL US$
Doug Pertz	**FY15**	**1,213,616**	**282,587**	**174,529**	**892,929**	**–**	**2,794,693**	**–**	**5,358,354**
President & CEO[8]	FY14	976,154	123,502	149,222	808,967	–	2,100,140	–	4,157,985
Mark Wratten	**FY15**	**482,782**	**233,992**	**29,011**	**364,945**	**–**	**–**	**–**	**1,110,730**
SVP & CFO[9]	FY14	546,743	219,176	42,329	208,326	–	–	228,128	1,244,701
Christian Coenen	**FY15**	**363,892**	**136,340**	**56,293**	**236,461**	**48,553**	**–**	**6,646**	**848,185**
President, Recall Europe[9]	FY14	391,350	124,329	63,301	222,690	481,046	483,593	299,660	2,065,969
Mark Wesley	**FY15**	**420,033**	**21,969**	**56,896**	**377,391**	**121,789**	**–**	**8,777**	**1,006,855**
President, Recall Americas[8]	FY14	379,095	21,531	51,045	178,412	250,869	189,668	346,636	1,417,256
Owen Kinnaird	**FY15**	**291,790**	**33,505**	**15,707**	**149,477**	**98,197**	**–**	**5,353**	**594,029**
President, Recall ANZ[9,10]	FY14	241,137	55,431	23,044	85,755	150,659	70,361	–	626,387

1 Base salary includes actual gross base salary paid in the year plus unused accrued leave pay.

2 Includes auto allowance, temporary housing allowance, holiday pay, amounts paid for unused paid time off, spousal/dependent travel, relocation reimbursements, fringe benefit tax, disability insurance, home office, health plan premium and tax gross ups, where applicable.

3 For Doug Pertz and Mark Wesley, includes amounts the company contributed to the US 401(k) and Supplemental Executive Retirement Plan (SERP). For Christian Coenen, includes amounts contributed by the company to the French retirement plan. For Mark Wratten and Owen Kinnaird, includes amounts contributed to the Australian superannuation plan.

4 FY14 and FY15 STI payouts. For Doug Pertz, the FY14 amount shown includes the FY14 STI award of $222,300 plus a $920,000 transitional award less $333,333 accrued in FY13. The FY15 STI payout for Doug Pertz represents the half of the award payable in cash; the remaining half is payable in STI shares.

5 Represents the value of prior years' deferred STI rights which vested during FY14 and FY15. Values are based on the share price when the rights vested.

6 Represents the value of LTI rights and sign-on award rights (Doug Pertz only), which were granted in previous years which vested during FY14 and FY15. Values are based on the share price when the rights vested. Tranche 2 of Doug Pertz's sign-on share rights vested 11 December 2014 and the shares are held in trust until 1 April 2017.

7 Includes cash retention payments agreed to by Brambles in FY12 and paid in FY13 and FY14, or 31 August 2014 in the case of Mark Wratten, plus the value of shares matched by Brambles as part of the MyShare plan in the respective years. For FY15, includes accrued portion of retention bonus payable in connection with IRM transaction.

8 Doug Pertz and Mark Wesley also participated in the US employee benefits scheme which provides medical, disability and life insurance coverage on the same basis as all other US employees.

9 The year-on-year comparisons of remuneration are affected by the movement of exchange rates from A$1=US$.91251 and 1EUR=US$1.35886 for 2014 to A$1=US$.82888 and 1EUR=US$1.1913 for 2015.

10 Owen Kinnaird was appointed to his current role 19 August 2013, so his FY14 data represents a partial year only. Owen Kinnaird received a market adjustment base salary increase in June 2014 and did not receive a salary increase in FY15.

REMUNERATION REPORT (CONT.)

SECTION 4 – REMUNERATION PRINCIPLES AND GOVERNANCE

This section provides an overview of the principles underpinning the Company's remuneration framework and its core components.

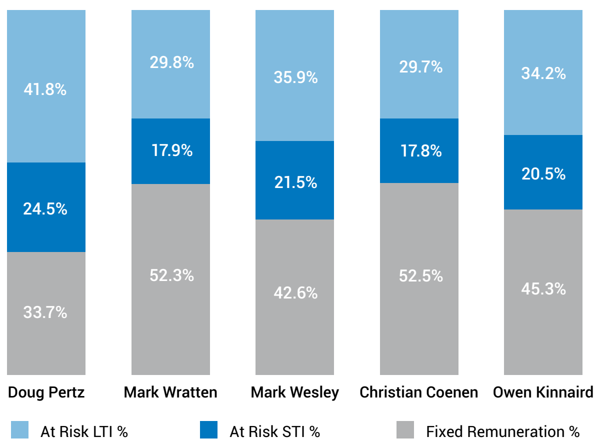
Remuneration principles

With the creation of shareholder value as the top priority of the business, the executive remuneration program is built on the following key principles:

1) The program design and elements must support the business strategy and the creation of shareholder value, both in the near and long term, by attracting, retaining and rewarding executives for delivering the results that build shareholder value;
2) Remuneration programs and practices will be compliant with all relevant regulatory and legal requirements in the respective countries in which Recall operates;
3) Remuneration programs and practices, including the quantum of opportunity, will be market competitive in each relevant labour market;
4) Executives will have a substantial portion of their opportunity "at risk" and linked to specific financial results and personal objectives;
5) Recall is committed to transparency in its executive remuneration practices with regulators, shareholders and other key stakeholders;
6) Target opportunities for total remuneration and for each component of executive remuneration (fixed, STI and LTI) will be positioned around the 50th percentile for the relevant geographic market based on company size (revenue and market capitalisation). Executives may be paid above or below the 50th percentile, for each remuneration component, based on company and personal performance, depth and breadth of prior leadership experience, tenure, critical skills or expertise and other relevant business considerations.

Percentage of fixed and "at risk" remuneration

Table 4.1 shows fixed remuneration and "at risk" remuneration as percentages of target remuneration for Executive KMP in FY15.



Notes:
1 Fixed remuneration includes base salary at the end of FY15, non-monetary benefits, superannuation and defined contribution benefits in FY15.
2 At Risk STI % is FY15 STI target amount (base salary at end of FY15 multiplied by STI target percentage) divided by total target remuneration.
3 At Risk LTI % is FY15 LTI target amount (base salary at the end of FY15 multiplied by LTI target percentage) divided by total target remuneration.
4 Total remuneration includes fixed remuneration, STI target opportunity plus LTI target opportunity.
5 Mark Wratten's fixed remuneration includes certain expatriate benefits.

Remuneration governance

Role of the Board and the Remuneration and Human Resources Committee

The Board is responsible for ensuring that the Company's remuneration programs and practices are aligned with the long-term interests of the Company and its shareholders. It has established a Remuneration and Human Resources Committee comprising the following NEDs:

Ian Blackburne	Chairman of Committee
Neil Chatfield	Member
Tahira Hassan	Member

REMUNERATION REPORT (CONT.)

The Remuneration and Human Resources Committee assists the Board in establishing remuneration policies and practices and makes recommendations to the Board on the remuneration arrangements for NEDs , Executive KMP and other senior leaders. The Committee meets periodically during the year. The CEO and certain executives attend meetings of the Committee by invitation when input from management is required. However, management is not present during discussions relating to their own remuneration arrangements. The key duties and responsibilities of the Committee are to:

1) determine and agree with the Board the broad policy and practices for the remuneration of the CEO, other Executive KMP and other direct reports to the CEO, including superannuation, pension rights, employment agreements and remuneration payments, and changes to the policy or practices;
2) review the on-going appropriateness and relevance of the executive remuneration policy;
3) ensure that provisions regarding disclosure of remuneration as set out in relevant laws and regulations are fulfilled;
4) determine the remuneration quantum of the Chairman of the Board, executive directors and the CEO and review the remuneration for the direct reports to the CEO;
5) review and approve the design of, and determine targets for, cash-based incentive plans and equity-based incentive plans and approve the total payments and awards thereunder;
6) review and advise the Board on remuneration trends across Recall's main markets, advise the Board on major changes in practices, market data and regulatory requirements and report to the Board on remuneration by gender; and
7) approve the engagement of remuneration advisers.

Further information on the role, duties and responsibilities of the Remuneration and Human Resources Committee is available in the Committee Charter at www.recall.com.

Use of advisers

To ensure the Board is fully informed when making remuneration decisions, the Remuneration and Human Resources Committee seeks independent expert advice, and where necessary remuneration recommendations, from executive remuneration and legal advisers or other specialists.

In FY15, Ernst & Young (EY) provided market analysis and benchmark data with respect to the overall design and administration of the executive remuneration program, including the performance hurdles under the STI and LTI plans. EY also provided general updates on executive remuneration developments and advice on the preparation of the Remuneration Report and other regulatory requirements. During FY15, no remuneration recommendations, as defined under the Act, were provided by EY.

In addition, Herbert Smith Freehills provided advice on executive remuneration legal and regulatory matters. During FY15, no remuneration recommendations, as defined under the Act, were provided by Herbert Smith Freehills.

SECTION 5 – EXECUTIVE KMP REMUNERATION FRAMEWORK AND STRATEGY

Remuneration framework for FY15

FIXED REMUNERATION	SHORT TERM INCENTIVES	LONG TERM INCENTIVES
Consists of base salary, superannuation or pension contributions and other benefits, such as auto allowance.	Based on a mix of financial measures and personal objectives.	Recall share rights which vest if performance vesting conditions are met.
Benchmarked against the relevant market data by geography.	The CEO's target is 100% of base salary with a maximum opportunity of 170% of base salary. Half his STI is delivered in shares that are deferred for two years.	Vesting of performance based LTI awards depends on Recall's achievement of financial hurdles measured over a three year period for FY15–FY17.
Reviewed annually in accordance with merit pay and performance management practices.	For all other Executive KMP, the STI target is 60% of base salary with a maximum opportunity of 102% of base salary, i.e. 170% of target.	The target value of the LTI grant for the CEO is 170% of base salary, with a maximum opportunity of 255% of base salary (i.e., 150% of target).
Recognises and rewards individual performance and experience.	Actual STI awards may vary from 0% to 170% of target depending on Company, regional and individual performance.	For all other Executive KMP, the target value of the LTI grant is 100% of base salary with a maximum opportunity of 150% of base salary.

REMUNERATION REPORT (CONT.)

Fixed remuneration

Fixed remuneration is composed of base salary, superannuation or pension plan contributions and benefits such as auto allowances. Base salary ranges are established for Executive KMP based on market data from companies with similar revenue and/or market capitalisation for the relevant country. The midpoint of the salary range is established at approximately the 50th percentile of the market. An individual executive may be paid above or below that level based on Company and individual performance over time, the depth and breadth of leadership experience, tenure and critical skills or expertise the executive brings to the Company.

Recall short-term incentive plan

The STI provides performance based awards for Executive KMP who have an STI opportunity stated as a percentage of their base salary. STI target levels vary based on the role. STI awards are generally cash incentives paid annually in October.

Payouts under the STI are based on two components that are measured independently and have different weightings at target – 70% based on financial results and 30% based on personal objectives.

Personal objectives are set as part of the Recall performance and development process and vary according to the nature of the role and responsibilities. Specific personal objectives may include the management or completion of significant projects, delivery of cost savings initiatives, achievement of safety and security goals, progress towards sustainable and profitable growth, delivering Lean Six Sigma results, employee engagement and people development or other goals considered important to the business.

For corporate Executive KMP, the financial component is based on the Group's results whereas for regional Executive KMP, a portion is linked to regional results and a portion is linked to Group results.

The weightings of the financial and personal objectives components for corporate and regional Executive KMP in FY15 are shown below.

MEASURE	CORPORATE EXECUTIVE KMP (% OF TARGET STI)	REGIONAL EXECUTIVE KMP (% OF TARGET STI)	MAXIMUM OPPORTUNITY (% OF TARGET STI)
EBIT Group	30	15	60
EBIT Regional	–	15	
Revenue Growth – Group	20	10	40
Revenue Growth – Regional	–	10	
Cash Flow from Operations – Group	20	10	40
Cash Flow from Operations – Regional	–	10	
Personal Objectives	30	30	30
Total Payout as % of Target STI Payout [1]	100	100	170

1 For Executive KMP, STI awards may range from 0% to 170% of target based on Group and regional results, where applicable, and individual performance.

REMUNERATION REPORT (CONT.)

Key terms of the STI

What is the STI?	The STI is performance based, "at risk" remuneration that provides the opportunity for an annual incentive award based on the achievement of key financial results and personal objectives.
Who is eligible to participate in the STI?	All Executive KMP participated in the STI during FY15. To optimise alignment within the organisation, the STI includes selected employees as determined by the Board based on recommendations from the CEO.
What is the relationship between the STI and performance?	The STI program puts a significant portion of Executive KMP remuneration "at risk" as awards are only paid to the extent that the Company's and region's, where applicable, financial goals and/or the individual's personal objectives have been achieved for the year. The components of STI awards, financial and personal, are designed to reward achievement of superior financial results, optimise profitable growth, operational performance and safety results and reward superior individual performance.
What are the performance conditions?	Three key financial measures and personal objectives determine the STI award opportunity. The financial measures make up 70% of the overall opportunity at target. These are EBIT (30%), Revenue Growth (20%) and Cash Flow from Operations (20%). Personal objectives make up 30% of the STI target opportunity.
Why have these measures been chosen?	The financial measures were selected because they balance the core goals of the business: profitability, cash generation and growth. The personal objectives are role specific and for the Executive KMP are established in consultation with the Remuneration and HR Committee. They represent priorities for each executive deemed critical to the achievement of annual financial and business goals and key strategic initiatives.
How are the STI performance conditions measured?	Performance outcomes for the financial measures are determined by the Remuneration and Human Resources Committee after the Company's annual financial statements for the period have been finalised. The personal objectives are measured as part of the individual's annual performance review process in consultation with the Remuneration and Human Resources Committee. STI results are based on a constant dollar basis to assure that management remuneration is not affected inappropriately, either positively or negatively, by foreign exchange rate movement that does not reflect the fundamental operating performance of the Company.
How are STI awards and when are they paid?	Awards under the STI are paid in cash in October, except for the CEO whose awards are half cash (also paid in October) and half share rights which are deferred for two years (see Section 6).
What STI awards did KMP earn in FY15?	Awards made to Executive KMP for FY15 are set out in Table 3.1 in Section 3 and Tables 7.1 and 7.5(b) in Section 7.
What is the impact of the pending Iron Mountain transaction?	No changes have been made in the FY15 STI plan as a result of this potential transaction. FY15 STI awards will be based on the results for the financial measures and personal objectives discussed above. Additional information regarding the implications of this transaction may be found in section 9.

REMUNERATION REPORT (CONT.)

Recall long-term incentive plan

LTI grants are based on a percentage of base salary and awarded annually after the start of the new financial year. The FY15–FY17 LTI grants vest over a three year performance period (1 July 2014 – 30 June 2017). The FY14–FY16 LTI grants, which were made in January 2014 after demerger on 18 December 2013, vest over a 2.5 year performance period to 30 June 2016 to align with the Company's financial year. Grants are held in trust for the employee under the PSP until vesting.

Key Terms of the LTI

What is the purpose of the LTI?	The LTI provides a performance based, "at risk" remuneration opportunity to Executive KMP and other senior leaders that is strongly aligned with the creation of shareholder value over the long term. It is a key component of a market competitive remuneration package that supports the goals of attracting, retaining, motivating and rewarding talented leadership. Executive KMP realise value from LTI awards only if the share rights vest upon the achievement of financial performance hurdles at the end of the performance period. The LTI grants to the Executive KMP for FY15–FY17 were entirely performance-based share rights.
What form do the LTI awards take?	Awards are made in the form of rights to Recall shares ("share rights") which convert to Recall shares for nil consideration at the end of the performance period, subject to performance and service conditions.
How are grants awarded under the LTI?	Eligible participants are allocated a grant of share rights annually. Each share right entitles the participant to receive one ordinary share in the Company upon vesting. Share rights are held in accordance with the terms of the PSP in trust until vesting or forfeiture. The grants do not deliver any actual value until they vest, at which time shares allocated as a result of vesting are transferred to participants at no cost. Participants are then free to hold or trade the vested shares, subject to the Recall Securities Trading Policy.
Who can participate and rights granted to Executive KMP in FY15	Executive KMP and approximately 130 senior leaders globally are eligible to participate in the LTI. See Table 7.2(b) for the number of share rights granted to Executive KMP during FY15.
What proportion of base salary does the LTI grant represent?	In FY15 the target LTI grant value for the Executive KMP (except the CEO) was 100% of base salary with a maximum opportunity of 150% of base salary. The target grant value for the CEO was 170% of base salary with a maximum opportunity of 255% of base salary (i.e. 150% of target).
What conditions attach to share rights?	Share rights do not carry the right to vote at shareholder meetings or to receive dividends. If the rights vest and Recall shares are allotted at the end of the performance period, the shares will have the same rights as other ordinary shares.
Can share rights be traded on the ASX?	Share rights cannot be traded. However, if the share rights vest at the end of the performance period, then the Recall shares issued on vesting can be traded on the ASX.
Can participants hedge share rights?	Participants are prohibited by Recall policy from hedging their share rights. See section 12 for more details.
What are the vesting conditions for performance share rights?	Performance share rights vest on the achievement by the Company of one or more of the three financial measures over the performance period, provided service requirements are met. For the FY15–FY17 grants, the performance period is three years from 1 July 2014 to 30 June 2017. The three financial measures for the FY15–FY17 cycle are weighted as follows: • ROCI – 50% of award • EPS Growth – 25% of award • Relative TSR – 25% of award Vesting occurs if the Company meets or exceeds performance levels for the three measures detailed below. Each performance measure stands alone and may result in partial vesting for that measure provided the threshold performance or above is achieved.
Why have these performance measures been selected?	The Board selected these measures because it believes they are correlated with the creation of long term shareholder value. They provide a balance between earnings and asset utilisation and between internal and external performance measures.

REMUNERATION REPORT (CONT.)

How is the ROCI hurdle measured?

For the FY15–FY17 performance cycle, vesting of the ROCI component will depend on the Company's FY17 ROCI results versus the targets shown in the table below. FY17 ROCI will be calculated by dividing the Company's 2017 EBIT by the 2017 Average Capital Invested.

The table below shows the vesting percentages at different ROCI performance levels.

FY17 ROCI	Less than 12.5%	12.5%	13.5%	14.25%
Vesting % of target	–	50%	100%	150%

If the FY17 ROCI result is between 12.5% and 14.25%, the vesting percentage will be calculated on a linear basis.

How is the EPS Growth hurdle measured?

Vesting of the EPS Growth component will depend on the growth in Recall's EPS over the performance period. The base year EPS of FY14 will be compared to the FY17 EPS. The earnings will be as reported net profit after tax and financing costs. In future years, the base will be the prior year's EPS. The threshold is based on a 3% CAGR in EPS; the target is based on a 6% CAGR and the maximum is based on a 9% CAGR.

The table below shows the vesting percentages at different EPS Growth levels.

EPS Growth	<3% CAGR	3% CAGR	6% CAGR	9% CAGR
Vesting % of target	–	50%	100%	150%

If EPS Growth is between 3% CAGR and 9% CAGR, the vesting percentage will be calculated on a linear basis.

How is the Relative TSR hurdle measured?

Vesting of the Relative TSR component will depend on where the Company's TSR for the performance period falls in relation to a comparator group of 100 companies listed on the S&P/ASX200. For the FY15–FY17 grant, the ASX comparator group comprises the 50 S&P/ASX200 companies below and above Recall in market capitalisation as at 1 July 2014, calculated using the one month average market capitalisation for June 2014. Measurement of Recall's and the comparator group's TSR will start on 1 July 2014 (using a share price calculated by averaging price over the final 20 trading days during June 2014 to smooth volatility). The performance period will end on 30 June 2017 using Recall's average share price over the final 20 trading days in June 2017.

The table below shows the vesting percentages for the Relative TSR component measured against the comparator group.

Recall TSR	Below 50th percentile	50th percentile	70th percentile	85th percentile
Vesting % of target	–	50%	100%	150%

If the Recall TSR is between the median and the 85th percentile in the comparator group, the vesting percentage will be calculated on a linear basis.

What happens to unvested share rights if an executive ceases employment?

Under the terms of the PSP, if a participant resigns or is terminated for gross misconduct or poor performance, unvested rights lapse. If a participant leaves for any other reason, including redundancy, retirement or permanent and total disability, the rights will vest on a pro rata basis per the original time schedule, provided the performance hurdles are achieved. Under the PSP, the Board retains the ultimate discretion to interpret and apply these guidelines.

What happens on a takeover or change of control of Recall?

The Board has adopted the Recall Change in Control Policy which provides that all unvested share rights will vest at target in the event of a change in control. In addition, the Board retains the right to vest the share rights at any level between target and maximum based on business results, shareholder value created or other relevant considerations. This Board decision supports the retention of key leadership talent during a period of uncertainty and reinforces the on-going focus and commitment to building shareholder value during this period of time.

As the FY14-16 LTI performance period does not end until 30 June 2016, there is no impact on the FY14-16 LTI from the Iron Mountain transaction as of the date of this report. If the transaction closes prior to 30 June 2016, the share rights will be handled as described above and in section 9.

Does the PSP provide for the clawback of awards?

The Board can clawback any unvested award under the PSP if the Board reasonably considers that an employee has engaged in conduct which adversely affects, or is likely to adversely affect, Recall's financial position or reputation.

REMUNERATION REPORT (CONT.)

SECTION 6 – REMUNERATION OF THE CEO

Mr Pertz was appointed as President and CEO of the Company on 1 April 2013. This section outlines the key terms of his remuneration package, which for FY15 comprised a fixed remuneration component, participation in the STI and the LTI and certain other benefits.

Fixed remuneration	On 1 April 2015, Mr Pertz's base salary was increased by 3% to $1,236,000 from $1,200,000. Mr Pertz's base salary and other fixed remuneration components are reviewed annually by the Board giving consideration to individual and Company performance, market data and benchmark information.
Short-term incentive	Under the STI, Mr Pertz has a target opportunity of 100% of his base salary and a maximum opportunity of 170% of base salary. Mr Pertz's STI award is based on achievement of pre-determined financial measures and personal objectives, as established and assessed by the Board. Half of Mr Pertz's STI awards will be made in cash and half will be made in Recall shares which will be held in trust subject to a two year retention period from the grant date. Seventy percent (70%) of Mr Pertz's STI award value is based on the same financial measures as the other Executive KMP, (EBIT, Revenue Growth and Cash Flow from Operations) and 30% is based on his personal objectives: safety and security results, achievement of Lean Six Sigma savings, meeting M&A objectives, selling the German SDS business and improving SDS results in North America, implementing a facility optimisation plan, launching the Recall portal and digital products and focused efforts regarding succession and executive bench strength. The STI terms are described in section 5.
Long-term incentive	Mr. Pertz did not participate in the LTI for the FY14–FY16 performance cycle. For the FY15–FY17 performance cycle, Mr Pertz participated in the LTI on the same terms that apply to other Executive KMP. Under the LTI, Mr Pertz is entitled to an annual grant of share rights with a face value equivalent to 170% of his base salary at target performance and 255% of base salary at maximum performance. The share rights have a three year performance period. Vesting depends on the Company's achievement of the three financial measures set by the Board and described in section 5.
Other benefits	Mr Pertz receives an auto allowance (US$30,000 per year) and spousal travel allowance (maximum of four business class tickets per year for travel to Australia with the executive). Mr Pertz participates in the same U.S. medical benefit plan and U.S. 401K defined contribution plan as other U.S. employees. Mr Pertz participates in an executive Supplemental Employee Retirement Plan, which supplements the U.S. 401K plan and U.S. Social Security plan so that the total Company contribution to the three programs on his behalf is 15% of his base salary. During FY15, the cost of the benefits to Mr Pertz was US$257,116.

SECTION 7 – EXECUTIVE KMP REMUNERATION OUTCOMES

Table 7.1 sets out the audited remuneration of Executive KMP prepared in accordance with statutory requirements and applicable accounting standards. The equity-based statutory remuneration information in Table 7.1 differs from Table 3.1 as the latter is based on amounts actually realised during the year.

Table 7.1 Statutory Remuneration for FY14 and FY15 in US$

		BASE SALARY[1] US$	NON-MONETARY BENEFITS[2] US$	SUPER-ANNUATION OR DEFINED CONTRIBUTION BENEFITS[3] US$	CASH STI[4] US$	OTHER[5] US$	DEFERRED STI[6] US$	LTI[7]	TOTAL US$	(STI+LTI) PERCENT OF TOTAL %
Doug Pertz	**FY15**	**1,213,616**	**282,587**	**174,529**	**892,929**	**–**	**199,921**	**2,587,252**	**5,350,834**	**68.8**
President & CEO[8]	FY14	976,154	123,502	149,222	808,967	–	–	2,632,540	4,690,385	73.4
Mark Wratten	**FY15**	**482,782**	**233,992**	**29,011**	**364,945**	**–**	**–**	**449,101**	**1,559,831**	**52.2**
SVP & CFO[9]	FY14	546,743	219,176	42,329	208,326	228,128	–	124,007	1,368,709	24.3
Christian Coenen	**FY15**	**363,892**	**136,340**	**56,293**	**236,461**	**6,646**	**4,417**	**335,771**	**1,139,820**	**50.2**
President, Recall Europe[9]	FY14	391,350	124,329	63,301	222,690	299,660	17,435	175,651	1,294,416	30.8
Mark Wesley	**FY15**	**420,033**	**21,969**	**56,896**	**377,391**	**8,777**	**11,078**	**540,611**	**1,436,755**	**63.9**
President, Recall Americas[8]	FY14	379,095	21,531	51,045	178,412	346,636	43,734	261,395	1,281,848	34.3
Owen Kinnaird	**FY15**	**291,790**	**33,505**	**15,707**	**149,477**	**5,353**	**8,932**	**255,211**	**759,975**	**53.3**
President, Recall ANZ[9,10]	FY14	241,137	55,431	23,044	85,755	–	35,262	83,654	524,283	32.3

1 Base salary includes actual gross base salary paid in the respective financial years plus unused accrued leave pay.

2 Includes auto allowance, temporary housing allowance, holiday pay, amounts paid for unused paid time off, spousal/dependent travel, relocation reimbursements, fringe benefit tax, disability insurance, home office, health plan premium and tax gross ups, where applicable.

3 For Doug Pertz and Mark Wesley, includes amounts the Company contributed to the US 401(k) and Supplemental Executive Retirement Plan (SERP). For Christian Coenen, includes amounts contributed by the Company to the French retirement plan. For Mark Wratten and Owen Kinnaird, includes amounts contributed to the Australian superannuation plan.

4 FY14 and FY15 STI payouts. For Doug Pertz, the FY14 amount shown in the table includes the FY14 STI award of $222,300 plus a transitional award made of $920,000 less $333,333 accrued. The FY15 STI payout for Doug Pertz represents the half of the award payable in cash; the remaining half is payable in STI shares.

5 Includes cash retention payments agreed to in FY12 and paid in FY13 and FY14, or 31 August 2014 in the case of Mark Wratten, plus the value of shares matched by Brambles as part of the MyShare plan in the respective financial years. For FY15, includes accrued portion of retention bonus payable in connection with IRM transaction.

6 This is the total Company expense for FY14 and FY15 per statutory accounting rules associated with all STI share rights held, including grants received in prior financial years.

7 This is the total Company expense for FY14 and FY15 per statutory accounting rules associated with all LTI share rights held, including grants received in prior financial years.

8 Doug Pertz and Mark Wesley also participated in the US employee benefits scheme which provides medical, disability and life insurance coverage on the same basis as all other US employees.

9 The year-on-year comparisons of remuneration are affected by the movement of exchange rates from A$1=US$.91251 and 1EUR=US$1.35886 for 2014 to A$1=US$.82888 and 1EUR=US$1.1913 for 2015.

10 Owen Kinnaird was appointed to his current role 19 August 2013, so his FY14 data represents a partial year only. Owen Kinnaird received a market adjustment base salary increase in June 2014 and did not receive a salary increase in FY15.

REMUNERATION REPORT (CONT.)

Recall share rights granted during FY14 and FY15

Table 7.2(a) shows the number of share rights granted to the Executive KMP in FY15 and Table 7.2 (b) shows the number of share rights granted to Executive KMP in FY14 under the PSP.

Table 7.2(b) includes share rights granted when Brambles share rights were converted to Recall share rights on an equivalent value basis and rights granted under the Brambles FY13 STI (under which 50% of an award was in share rights) which were converted to Recall share rights shortly after demerger.

In FY14 the Executive KMP, with the exception of Mr Pertz, received grants of transitional share rights in addition to the annual LTI grants under the PSP.

Unless otherwise specified, the fair values of the share rights included in the tables have been estimated by Ernst & Young Transactional Advisory Services in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. Assumptions used in the valuations are outlined in Note 27 to the financial statements.

Table 7.2(a) equity-based awards during FY15

	FY14 STI SHARE AWARD NUMBER [1]	FY15 LTI GRANT [2]	TOTAL SHARE RIGHTS	VALUE AT GRANT [3] US$
Doug Pertz	50,769	**698,849**	**749,618**	**3,468,895**
Mark Wratten	–	**165,773**	**165,773**	**716,689**
Christian Coenen	–	**121,270**	**121,270**	**524,288**
Mark Wesley	–	**144,317**	**144,317**	**623,928**
Owen Kinnaird	–	**99,785**	**99,785**	**431,402**

1 On October 10, 2014, 50,769 Recall shares were purchased on the market at an average price of $5.78 per share and allotted to Doug Pertz. These shares represent the half of Doug Pertz's STI award for FY14 that was made in shares. The shares are held under the terms of the Recall PSP and are subject to a two year restriction period.

2 Number of Recall share rights granted as part of the FY15 LTI plan grant. These numbers reflect the number of share rights associated with the maximum grant level.

3 This is the total value of all equity grants made to the respective KMP in FY15, based on the accounting value as determined by Ernst & Young Transactional Advisory Services (EY) in accordance with the requirements of AASB2: Share-based Payments. Note 27 to the financial statements contains additional information on assumptions used in EY's valuation of the equity awards.

Table 7.2(b) equity-based awards during FY14

	CONVERTED RECALL RIGHTS (FY13) [1]	FY13 STI SHARE AWARD [2]	FY14 SIGN-ON GRANT [3]	FY14 TRANSITIONAL EQUITY AWARD [4]	FY14 LTI GRANT [5]	TOTAL SHARE RIGHTS	VALUE AT GRANT [6] US$
Doug Pertz	–	–	1,575,103	–	–	1,575,103	6,090,398
Mark Wratten	–	–	–	157,188	104,792	261,980	762,761
Christian Coenen	114,888	14,746	–	45,802	91,339	266,775	675,256
Mark Wesley	140,442	31,284	–	157,188	104,792	433,706	1,160,948
Owen Kinnaird	51,277	21,860	–	31,679	63,367	168,183	471,184

1 Brambles share rights converted into Recall rights.

2 Recall rights that were granted as part of the FY13 Brambles STI plan which required 50% of the FY13 STI award to be granted in the form of share rights. These rights will vest in September 2015.

3 Recall share rights granted as part of Doug Pertz's sign-on equity grant described in Section 10.

4 Recall share rights granted as part of the transitional equity grants.

5 Recall share rights granted as part of the FY14 LTI plan grants.

6 Total value of all equity holdings based on the valuation methodology described in Note 27 to the financial statements. For Doug Pertz, the $6,090,398 in the table represents the accounting value of the rights granted to him in December 2013 under AASB 2. The number of rights was determined in accordance with his contract that is, US$6 million divided by the five day VWAP of A$4.25 (US$3.809) at an exchange rate of $0.8963 which resulted in a grant of 1,575,103 rights. The accounting value under AASB 2 of the rights granted differs from the above as it takes into consideration the lack of dividends paid during the vesting period. In addition, as specified by AASB 2, a one day VWAP (A$4.3943; US$4.001) on the date of grant at an exchange rate of $0.9104 was used. Both the VWAP and exchange rate used to determine the accounting valuation are higher than that used to determine the number of rights granted, resulting in a slightly higher accounting value.

REMUNERATION REPORT (CONT.)

Table 7.3 below shows key shareholder value measures over the period since demerger.

Table 7.3 Company performance

	FY14	FY15 (AS REPORTED)[5]	FY15 (CONSTANT CURRENCY)[6]
EBIT[1]	US$133.1m	**US$135.7m**	**US$150.4m**
EPS[2]	US 22.4c	**US 24.0c**	**US 27.6c**
TSR[3]	12.5%	**46.7%**	**n/a**
Dividends per share (cps)[4]		**A$0.17**	**n/a**
Share price as at financial year end (A$)	A$4.78	**A$6.93**	**n/a**

1 FY14 EBIT is pro forma and FY15 is actual.
2 FY14 EPS is calculated by dividing FY14 pro forma underlying NPAT by the issued share capital as at 30 June 2014. FY15 EPS is calculated by dividing FY15 underlying NPAT by issued capital as at 30 June 2015.
3 FY14 TSR is share price growth over the period from 1 February 2014 to 30 June 2014 with a starting share price of $4.25 (average price over January 2014 to smooth volatility) and end price on 30 June 2014 of $4.78. No dividends were paid in FY14. FY15 TSR is the dividends paid and share price growth from 1 July 2014 to 30 June 2015. Starting share price was $4.84 and end price was $6.93 , Dividends were 17c.
4 No dividends were paid during FY14. During FY15, a dividend of 8.0 Australian cents per ordinary share, unfranked, was paid on 23 October 2014 and an interim dividend of 9.0 Australian cents per ordinary share, 30% franked, was paid on 24 April 2015.
5 As Reported FX: In the statutory financial statements, results are translated into US dollars at the actual monthly exchange rates applicable to each period being presented in the financial statements.
6 Constant Currency: Constant currency results are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.

Short-term performance and outcomes

Individual Executive KMP results for the FY14 STI and FY15 STI are reflected in table 7.5 based on the range of financial results for the Group and for the regions summarised in table 7.4 below and on each executive's personal objectives.

Table 7.4 Group and regional results

	FY14	FY15
EBIT		
Global	Below threshold	**Between target and maximum**
Americas	Between threshold and target	**Maximum**
Europe	Maximum	**Between target and maximum**
ANZ	Below threshold	**Below threshold**
Revenue growth		
Global	Between threshold and target	**Between threshold and target**
Americas	Between threshold and target	**Between target and maximum**
Europe	Between threshold and target	**Below threshold**
ANZ	Below threshold	**Below threshold**
Cash flow from operations		
Global	Achieved	**Maximum**
Americas	Not achieved	**Maximum**
Europe	Achieved	**Maximum**
ANZ	Not achieved	**Between target and maximum**

REMUNERATION REPORT (CONT.)

Personal objectives

Personal objectives comprise 30% of the KMP target STI opportunity. They are customised based on each executive's role and business priorities. The Board reviewed the objectives for each Executive KMP and determined that in FY15 they achieved between 20.5% and 30% of their STI opportunity linked to their personal objectives.

The combined financial and personal objectives assessments produce the total STI outcome for each individual. The STI outcomes for FY15 and FY14 are set out in tables 7.5(a) and 7.5(b) below, respectively:

Table 7.5 (a) – STI earned by Executive KMP in FY15 [1,3]

	EARNED STI FY15 US$	TARGET STI FY15 US$	STI EARNED AS % OF FY15 TARGET STI	% OF FY15 TARGET STI FORFEITED	STI EARNED AS % OF FY15 MAX STI
Doug Pertz	**1,785,858**	**1,236,000** [2]	**144.5**	**–**	**85.0**
Mark Wratten	**364,945**	**256,125**	**142.5**	**–**	**83.8**
Mark Wesley	**377,391**	**252,765**	**149.3**	**–**	**87.8**
Christian Coenen	**236,461**	**191,419**	**123.5**	**–**	**72.7**
Owen Kinnaird	**149,477**	**154,172**	**97.0**	**3.0**	**57.0**

1 STI results reflect the outcomes for the financial measures, the Board's assessment of results achieved on personal objectives and the exercise of Board discretion under the terms of the STI.
2 Doug Pertz's FY15 STI target is 100% of base salary of $1,236,000. Half of his FY15 earned STI is payable in cash, half is payable in STI shares.
3 Exchange rates for 2015: A$1=US$.82888 and 1EUR=US$1.1913.

Table 7.5 (b) – STI earned by Executive KMP in FY14 [2]

	EARNED STI FY14 US$	TARGET STI FY14 US$	STI EARNED AS % OF FY14 TARGET STI	% OF FY14 TARGET STI FORFEITED	STI EARNED AS % OF FY14 MAX STI
Doug Pertz	444,600	600,000 [1]	74.1	25.9	49.4
Mark Wratten	208,326	273,753 [2]	76.1	23.9	50.7
Mark Wesley	178,412	246,000	72.5	27.5	48.4
Christian Coenen	222,690	211,981	105.1	–	70.0
Owen Kinnaird	85,755	150,563	57.0	43.0	38.0

1 Doug Pertz's FY14 STI target was for half year participation.
2 Exchange rates for 2014: A1$ = US$.91251 and 1EUR = US$1.35886.

REMUNERATION REPORT (CONT.)

SECTION 8 – EXECUTIVE KMP CONTRACTS

Executive KMP contracts

The table below summarises the notice periods and key terms of Executive KMP contracts. The executive KMP contracts were entered into by Brambles with each executive and continued by Recall after the demerger. The variations reflect the different norms and statutory requirements in various countries. Where allowed by law, the executive is required to sign a non-compete and non-solicitation agreement in order to be eligible for the described benefits.

NAME AND POSITION	DURATION OF CONTRACT AND NOTICE PERIOD
Doug Pertz CEO	Ongoing contract. 12 months' notice by Company unless termination for Good Cause. 6 months' notice by employee. If employee resigns with Good Reason or Company terminates employment without Good Cause, employee is entitled to 12 months' base salary in lieu of notice and all share rights vest free of conditions on date employment ceases. If employee resigns without Good Reason or Company terminates employment for Good Cause, all unvested share rights lapse and vested shares will be held until 1 April 2017.
Mark Wratten CFO	Ongoing contract. 3 months' notice by Company unless termination for Good Cause. 3 months' notice by employee.
Mark Wesley President, Americas	Ongoing contract. 12 months' notice by Company unless termination for Good Cause. 6 months' notice by employee.
Christian Coenen President, Europe	Ongoing contract. 3 months' notice by Company unless termination for Good Cause. 3 months' notice by employee.
Owen Kinnaird President, ANZ	Ongoing contract. 6 months' notice by Company unless termination for Good Cause. 6 months' notice by employee.

Notes

As of July 2015 the annualised base salaries for the KMP stated in home country currency were: Doug Pertz $1,236,000; Mark Wratten A$515,000; Mark Wesley $421,275; Christian Coenen €267,800; and Owen Kinnaird A$310,000.

No notice is required for termination for Good Cause.

Payment in lieu of notice may be provided at the Company's discretion.

Good Cause means circumstances where the employee intentionally produces inaccurate information to the Board, materially fails to perform his duties, wilfully violates the law or Recall policy causing material harm to Recall, is grossly negligent or engages in wilful misconduct.

Good Reason means a material reduction in remuneration, a material diminution in the role or the employee is required to relocate outside their home country.

In some jurisdictions, different termination payments and/or non-compete terms may be required by law depending on the country, circumstances and relevant regulations. For Mark Wesley, there is no additional severance payment in addition to the 12 months notice.

REMUNERATION REPORT (CONT.)

SECTION 9 – REMUNERATION IMPLICATIONS OF THE IRON MOUNTAIN TRANSACTION

The Company announced in April 2015 that it had reached agreement in principle with Iron Mountain Inc. (IRM) for a takeover of the Company by IRM by way of a recommended, court-approved scheme of arrangement. The parties entered into a Scheme Implementation Deed for this transaction on 8 June 2015. The transaction is contingent upon receiving regulatory and shareholder approvals and, if these are obtained, it is expected to close early in 2016. Further details about the transaction are available on the Recall website at www.recall.com

As a result of the takeover offer, the Board reviewed the existing Executive KMP employment agreements, customary remuneration practices in such transactions and country specific market norms. As a result of this review, the Board has put in place a number of arrangements to protect the interests of Recall shareholders. Specifically, these arrangements will assure the continued focus of leadership on business results and shareholder value and support the retention of key leaders during a period of significant uncertainty. These arrangements also assure continued momentum on the Recall strategic priorities during the lengthy approval process and protect the Company in the event the transaction is not completed. The arrangements apply to the Executive KMP and certain other Recall staff. The provisions of this program applicable to Executive KMP are outlined below.

PROGRAM ELEMENTS	
STI and LTI Change in Control Policy	The Change in Control Policy adopted by the Board provides that: • STI awards will be paid at target level on a pro rata basis for the year in which the change in control occurs. The Board retains the discretion to pay STI awards at any level above target up to the maximum opportunity level. • LTI rights will vest at target level in the event of a change in control. The Board retains the discretion to allow vesting up to the maximum level. • The STI and LTI Change in Control Policy applies to all participants in those respective plans.
Retention Bonus Program	The Board also approved a Retention Bonus Program which includes approximately 250 participants on a worldwide basis. Mr Pertz and Mr Wratten do not participate in this program. Messrs Wesley, Coenen and Kinnaird are eligible to participate in the Retention Bonus Program with bonuses of three months of base salary. The bonuses will become payable six months after the transaction closes, except in the case of termination for cause or voluntary resignation (in such cases, no bonus is payable).

SECTION 10 – FY14 DEMERGER ARRANGEMENTS FOR EXECUTIVE KMP

CEO

Upon his employment in April 2013 as the Company's CEO, Mr Pertz entered into an employment agreement with Brambles that provided for a one-off transitional bonus for the achievement of milestones related to the demerger and a sign-on award in lieu of significant forfeited remuneration from his former employer.

Mr Pertz was paid the transitional bonus of US$920,000 in February 2014 for the period from commencement of employment on 1 April 2013 to 31 December 2013, based on the Brambles Board's assessment of Mr Pertz's performance against his financial and personal objectives. He did not participate in the Brambles STI program during this period of time.

Mr Pertz received a US$6 million sign-on award of share rights in recognition of the opportunity he forfeited in leaving his previous employer. This award was approved by Brambles' shareholders. The number of rights was calculated by dividing the A$ value of the grant by the five day VWAP of Recall shares from 11 to 17 December 2013. Mr Pertz was granted 1,575,103 share rights on 31 January 2014 in three tranches:

- tranche 1: 525,035 rights vested on allotment on 31 January 2014 and 525,035 shares were issued to Mr Pertz. These are held in trust until 1 April 2017 without further performance conditions.
- tranche 2: 525,034 rights vested on 10 December 2014 and 525,034 shares were issued to Mr Pertz. These are held in trust until 1 April 2017 without further performance conditions.
- tranche 3: 525,034 rights will vest on 10 December 2015. Half of this tranche is subject to performance conditions. The other half is subject to continued employment.

REMUNERATION REPORT (CONT.)

The performance conditions for tranches 2 and 3 relate to the achievement of milestones under the Recall Strategic Plan as approved by the Board. The Plan is designed to identify growth opportunities in Recall's current and emerging markets as well as digital growth opportunities. During FY15, the Board determined that Mr Pertz achieved the performance conditions relating to Tranche 2. Those conditions were:

1) Earnings and Return On Investment (ROI) initiatives by developing operational improvement plans and strategies for the North American SDS business, alternatives for the German SDS business, developing facility optimisation and consolidation plans and implementing asset utilisation and facility optimisation plans in 2014 (one-third of grant).

2) Implementing growth initiatives by developing specific growth strategies by country, with metrics to track progress; developing long-term financial plans and growth strategies for India and China, including investment and target returns; and initiating a core acquisition strategy funded from Recall's current capital structure and cash flow, that is accretive to earnings with a growth rate of at least 50% of the organic growth rate (one-third of grant).

3) Developing new digital customer solutions, including developing the value proposition, testing the product hypotheses and advancing customer pilots (one-third of grant).

The Board has set the following performance conditions for Tranche 3 vesting in December 2015:

1) Progress achieved against the Recall Strategic Plan, as measured by financial results achieved in FY15 and the first half of FY16 (30% of grant).

2) Progress achieved in the development of digital customer solutions, including initial commercial transactions and the contribution of the digital business to growth plans (40% of grant).

3) Progress against the growth initiatives outlined in point 3 above and future expectations as approved by the Board (30% of grant).

Shares allocated on vesting and dividends paid on those shares are held by a trustee on behalf of Mr Pertz until 1 April 2017 unless there is a change in control in which case the shares shall be released from trust to Mr Pertz. As a result of this sign-on award, Mr Pertz did not participate in the LTI program for the FY14–FY16 performance period.

As noted in section 9, and determined by Brambles at the time of the sign-on grant, Mr Pertz's unvested rights will vest on a change of control, and any shares held in trust will be immediately awarded to Mr Pertz.

Other Executive KMP

For the other Executive KMP, the FY14-16 LTI grants of share rights were made in January 2014 after the demerger on 18 December 2013. These rights vest over a two and a half year performance period ending on 30 June 2016 to align with the Company's financial year. One third of the share rights granted were retention rights issued under the terms of the PSP, to facilitate the retention of Executive KMP and other LTI participants during the demerger transition. These retention rights do not have performance conditions, only a service condition. Subject to Board discretion, the participant must continue in employment with Recall until the vesting date (26 September 2016) for the rights to vest. The other two thirds of the FY14-16 LTI grants were in the form of performance rights with the performance conditions reported in the FY14 Remuneration Report.

REMUNERATION REPORT (CONT.)

SECTION 11 – NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors' fee structure

NEDs are paid a fixed annual base fee. Additional fees are paid to NEDs who serve on Board committees.

The Board fees are determined within a maximum aggregate annual fee pool, which is currently set at US$1.7 million.

Changes to this fee pool must be approved by shareholders at a general meeting of the Company. During FY15, US$852,687 was paid out in Directors' fees and superannuation, representing 50.1% of the total pool.

Table 11.1 Components of NED Remuneration

COMPONENT	EXPLANATION
Board fees	Board fees per annum are: • US$360,000 for the Chair of the Board; • US$150,000 for the other NEDs.
Committee fees	Committee fees for NEDs other than the Chair are: • US$10,000 per annum for committee members; • US$25,000 per annum for the Audit Committee Chair; • US$10,000 per annum for the Remuneration and Human Resources Committee Chair (not applicable at this time). Where the Chair of the Board sits on or chairs a Committee, he does not receive any additional fees.
Benefits	NEDs are entitled to be reimbursed for their reasonable expenses incurred in carrying out their duties, including travel costs. NEDs do not receive any performance related remuneration such as short-term or long-term incentives.
Retirement benefits	Compulsory superannuation contributions for Australian resident NEDs are included in their base fees and in the additional committee fees set out above.

In light of the significantly increased number of meetings held by the Board in connection with the Iron Mountain transaction, the Company also intends to pay additional fees to the NEDs. These fees will be determined by the Board, based on the overall time spent on the additional meetings and by reference to market practices.

Details of remuneration paid to non-executive directors

Details of NED remuneration for FY14 and FY15 are set out in table 11.2 below. Board members are paid in their home country currency. Mr Blackburne and Mr Chatfield are paid in Australian dollars, Ms Murdock is paid in U.S. dollars and Ms Hassan is paid in Canadian dollars. Table 11.2 reflects Board remuneration in U.S. dollars.[5]

Table 11.2 NED Remuneration

	PRE-DEMERGER FEES [1]		BOARD & COMMITTEE FEES [2]		SUPERANNUATION CONTRIBUTIONS [3]		$US TOTAL [4]	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Ian Blackburne	74,825	–	265,447	**337,476**	8,110	**15,569**	348,382	**353,045**
Neil Chatfield	25,550	–	129,175	**167,098**	7,834	**13,304**	162,559	**180,402**
Wendy Murdock	–	–	93,333	**160,000**	–	–	93,333	**160,000**
Tahira Hassan	–	–	95,581	**159,239**	–	–	95,581	**159,239**

1 Pre-demerger fees were paid by Brambles to Ian Blackburne and Neil Chatfield in 2013 for services prior to their appointments as directors on 24 September 2013. These services were in the interest of Recall shareholders and focused on demerger related issues, the establishment of a new Board of Directors and other governance matters related to listing on the ASX.

2 NED Board fees and Committee fees for FY14 and FY15.

3 Compulsory superannuation guarantee payments to Australian resident Directors which are deducted from Board fees and Committee fees.

4 Note that the FY15 figures shown above may not total the prescribed figures in $US described under Components of NED Remuneration above. This is because the remuneration is paid periodically from Recall Payroll in the Director's resident country which, combined with ongoing movement in FX rates throughout the year, results in differences between the intended amount in $US and the amount actually delivered.

5 The year-on-year comparisons of remuneration are affected by the movement of exchange rates from A$1=US$.91251 and 1CAD=US$.93261 for 2014 to A$1=US$.82888 and 1CAD=US$.84933 for 2015.

REMUNERATION REPORT (CONT.)

SECTION 12 – MOVEMENTS IN KMP SHARE RIGHTS AND SHARES, LOANS AND OTHER MATTERS

The movements in Executive KMP share rights during FY15 and FY14 are detailed in tables 12.1(a) and 12.1(b).

Table 12.1(a) Share rights movements during FY15

	BALANCE AS AT 1 JULY 2014	GRANTED	ALLOTTED	VESTED	LAPSED	SOLD	BALANCE AS AT 30 JUNE 2015
Doug Pertz							
Performance Share Rights	1,050,068	698,849	–	(525,034)	–	–	**1,223,883**
Performance Share Plan Shares in Trust	525,035	50,769	–	525,034[1]	–	–	**1,100,838**
Mark Wratten							
Performance Share Rights	261,980	165,773	–	–	–	–	**427,753**
Christian Coenen							
Performance Share Rights	266,775	121,270	–	(11,352)	–	–	**376,693**
Mark Wesley							
Performance Share Rights	433,706	144,317	–	(28,475)	–	–	**549,548**
Owen Kinnaird							
Performance Share Rights	168,183	99,785	–	(22,959)	–	–	**245,009**

1 Shares issued to Doug Pertz on the vesting of 525,034 share rights and held in trust subject to his continued service to 1 April 2017.

Table 12.1(b) Share rights movements during FY14

	BALANCE 1 JULY 2013	GRANTED	ALLOTTED	VESTED	LAPSED	SOLD	BALANCE 30 JUNE 2014
Doug Pertz							
Performance Share Rights	–	1,575,103	–	(525,035)	–	–	1,050,068
Performance Share Plan Shares in Trust							
Performance Share Plan Shares in Trust[1]	–	–	–	525,035	–	–	525,035
Mark Wratten							
Share Right Holdings							
Performance Share Rights	–	261,980	–	–	–	–	261,980
Christian Coenen							
Share Right Holdings							
Performance Share Rights	–	266,775	–	–	–	–	266,775
Fully Paid Ordinary Share Holdings							
Demerger Shares – MyShare	–	–	824	–	–	(824)	–
Demerger Shares – PSP	–	–	1,560	–	–	(1,560)	–
Mark Wesley							
Share Right Holdings							
Performance Share Rights	–	433,706	–	–	–	–	433,706
Fully Paid Ordinary Share Holdings							
Demerger Shares – MyShare	–	–	454	–	–	(454)	–
Owen Kinnaird							
Share Right Holdings							
Performance Share Rights	–	168,183	–	–	–	–	168,183
Fully Paid Ordinary Share Holdings							
Demerger Shares – PSP	–	–	3,395	–	–	–	3,395

1 Shares issued to Doug Pertz on the vesting of 525,035 share rights and held in trust subject to his continued service to 1 April 2017.

REMUNERATION REPORT (CONT.)

Table 12.2 shows the movements in Recall shares held by KMP during FY14 and FY15:

Table 12.2 Movements in Recall shares

KMP	SHARES AT DEMERGER	SHARES ACQUIRED DURING FY14	SHARES DISPOSED OF DURING FY14	SHARES HELD AT 30 JUNE 2014	SHARES ACQUIRED DURING FY15	SHARES DISPOSED OF DURING FY15	SHARES HELD AT 30 JUNE 2015
Ian Blackburne	Nil	40,000 [1]	–	40,000	**50,000** [1]	**–**	**90,000**
Neil Chatfield	Nil	15,000 [1]	–	15,000	**25,000** [1]	**–**	**40,000**
Tahira Hassan	1,600	–	–	1,600	**15,000** [1]	**–**	**16,600**
Wendy Murdock	Nil	12,500 [1]	–	12,500	**8,100** [1]	**–**	**20,600**
Doug Pertz	Nil	142,377 [1]	–	142,377	**189,500** [1]	**–**	**331,877**
		525,035 [2]	–	525,035	**575,803** [2]	**–**	**1,100,838**
Mark Wratten	1,305	10,000 [1]	–	10,000	**20,000** [1]	**–**	**31,305**
Mark Wesley	454 [3]	–	454 [3]	–	**28,745**	**28,475**	**–**
Christian Coenen	824 [3]	–	824 [3]	–	**11,352**	**11,352**	**–**
	1,560 [4]	–	1,560 [4]	–	**–**	**–**	**–**
Owen Kinnaird	3,395 [4]	–	–	3,395 [4]	**22,959**	**–**	**26,354**

1 Shares acquired via on-market purchases.

2 Includes shares acquired as a result of the vesting of share rights which are in trust until 1 April 2017.

3 Shares resulting from MyShare conversion. MyShare was a Brambles employee stock purchase program.

4 Shares resulting from prior Brambles PSP share conversion.

Apart from the equity-based awards to Executive KMP detailed in table 7.2(a), the share rights detailed in table 12.1(a) above and the share holdings detailed in table 12.2 above, no other equity instrument holdings (including shares, rights and options) were held by any KMP or any KMP related party during FY15.

Loans made, guaranteed or secured by a Recall Group company to KMP or a KMP related party

No loans were made to any KMP or KMP related party, or guaranteed or secured, by a Recall Group company during FY14 or FY15. There were no other transactions between members of the KMP or a KMP related party and any Recall Group company.

Securities Trading Policy

The Securities Trading Policy prohibits designated executives and their families from entering derivative and other transactions to hedge or limit the risk in holding share rights and vested shares that are still subject to conditions that are received as part of their remuneration. In addition, designated executives are not permitted to grant a security interest in respect of their shares in the Company, including using the shares as security for a margin or other loan. Any breach of the Securities Trading Policy is considered to be a serious breach warranting disciplinary action by the Company. Further restrictions apply to dealings in Recall shares by NEDs and executives. These are set out in the Securities Trading Policy, which is available at www.recall.com in the Recall Code of Conduct.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Recall Holdings Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Mark Dow
Partner
PricewaterhouseCoopers

19 August 2015

PricewaterhouseCoopers, ABN 52 780 433 757

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FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2015

	NOTE	2015 US$M	2014 US$M
Sales revenue	6A	**827.8**	613.7
Gain on sale of business	6A, 4C	**2.1**	–
Operating expenses	6B	**(723.3)**	(539.3)
Share of results of joint venture	18C	**0.1**	0.2
Operating profit		**106.7**	74.6
Finance revenue		**0.5**	0.5
Finance costs		**(22.1)**	(12.8)
Net finance costs	9	**(21.6)**	(12.3)
Profit before tax		**85.1**	62.3
Tax expense	10	**(20.1)**	(20.3)
Profit for the year attributable to members of the parent entity		**65.0**	42.0
Earnings per share (cents)	11		
- basic		**20.7**	20.1
- diluted		**20.5**	20.0

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	NOTE	2015 US$M	2014 US$M
Profit for the year		**65.0**	42.0
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Foreign exchange differences on translation of financial statements	28	**(82.4)**	11.7
Cash flow hedges	28	**0.1**	(0.7)
Income tax on items that may be reclassified to profit or loss	10A	**–**	0.2
Other comprehensive income/(loss) for the year		**(82.3)**	11.2
Total comprehensive income/(loss) for the year attributable to members of the parent entity		**(17.3)**	53.2

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

CONSOLIDATED BALANCE SHEET

as at 30 June 2015

	NOTE	2015 US$M	2014 US$M
ASSETS			
Current assets			
Cash and cash equivalents	13	**88.5**	72.1
Trade and other receivables	14	**183.2**	177.5
Inventories	15	**2.1**	2.5
Other assets	17	**16.5**	16.1
Total current assets		**290.3**	268.2
Non-current assets			
Other receivables	14	**6.7**	7.4
Investments	18	**–**	0.7
Property, plant and equipment	19	**389.8**	432.3
Goodwill	20	**677.2**	651.0
Intangible assets	21	**134.8**	107.6
Deferred tax assets	10C	**4.8**	0.3
Derivative financial instruments	16	**0.1**	–
Other assets	17	**0.3**	0.5
Total non-current assets		**1,213.7**	1,199.8
Total assets		**1,504.0**	1,468.0
LIABILITIES			
Current liabilities			
Trade and other payables	22	**165.7**	174.5
Tax payable		**7.5**	8.3
Provisions	24	**32.2**	26.3
Borrowings	23	**21.8**	–
Total current liabilities		**227.2**	209.1
Non-current liabilities			
Borrowings	23	**626.7**	552.2
Derivative financial instruments	16	**0.8**	0.7
Provisions	24	**12.0**	10.1
Deferred tax liabilities	10D	**68.7**	75.2
Other liabilities	22	**19.4**	21.3
Total non-current liabilities		**727.6**	659.5
Total liabilities		**954.8**	868.6
Net assets		**549.2**	599.4
EQUITY			
Contributed equity	26	**548.7**	545.7
Reserves	28	**(245.6)**	(171.2)
Retained earnings	28	**246.1**	224.9
Total equity		**549.2**	599.4

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2015

	NOTE	2015 US$M	2014 US$M
Cash flows from operating activities			
Receipts from customers		**905.1**	665.5
Payments to suppliers and employees		**(726.2)**	(514.4)
Cash generated from operations		**178.9**	151.1
Interest and other finance costs paid		**(22.5)**	(15.1)
Interest received		**0.5**	0.5
Taxes paid, net of refunds		**(29.6)**	(22.7)
Net cash inflow from operating activities	30B	**127.3**	113.8
Cash flows from investing activities			
Payments for property, plant and equipment		**(36.5)**	(23.7)
Proceeds from sale of business	4C	**20.4**	–
Proceeds from sale of property, plant and equipment		**–**	0.4
Payments for intangible assets	21	**(25.1)**	(10.9)
Acquisition of businesses, net of cash acquired	4B	**(144.3)**	(56.6)
Net cash outflow from investing activities		**(185.5)**	(90.8)
Cash flows from financing activities			
Proceeds from borrowings		**402.1**	617.2
Repayments of borrowings		**(290.0)**	(64.1)
Dividends paid	12A	**(43.8)**	–
Payments to Brambles, net of cash in entities acquired during demerger		**–**	(509.3)
Net cash inflow from financing activities		**68.3**	43.8
Net increase in cash and cash equivalents		**10.1**	66.8
Cash and deposits, net of overdrafts, at beginning of the year		**72.1**	6.1
Effect of exchange rate changes		**(9.6)**	(0.8)
Cash and deposits, net of overdrafts, at end of the year	30A	**72.6**	72.1

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 2015

	NOTE	CONTRIBUTED EQUITY US$M	RESERVES[1] US$M	RETAINED EARNINGS US$M	TOTAL US$M
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 loss		–	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	4A	–	(147.0)	–	(147.0)
Transactions with owners in their capacity as owners:					
- dividends declared	12B	–	–	(23.8)	(23.8)
- issues of ordinary shares, net of transaction costs	26	592.7	–	–	592.7
- return of share capital during demerger	26	(118.4)	–	–	(118.4)
Closing balance		545.7	(171.2)	224.9	599.4
Year ended 30 June 2015					
Opening balance		**545.7**	**(171.2)**	**224.9**	**599.4**
Profit for the year		**–**	**–**	**65.0**	**65.0**
Other comprehensive loss		**–**	**(82.3)**	**–**	**(82.3)**
Total comprehensive (loss)/income		**–**	**(82.3)**	**65.0**	**(17.3)**
Share-based payments:					
- expense recognised		**–**	**9.1**	**–**	**9.1**
- reversed on exercise of shares		**–**	**(3.0)**	**–**	**(3.0)**
- equity component of related tax		**–**	**1.7**	**–**	**1.7**
Transactions with owners in their capacity as owners:					
- dividends paid	12A	**–**	**–**	**(43.8)**	**(43.8)**
- issues of ordinary shares, net of transaction costs	26	**3.0**	**–**	**–**	**3.0**
Closing balance		**548.7**	**(245.7)**	**246.1**	**549.1**

1 Refer to Note 28 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 FINANCIAL STATEMENTS

for the year ended 30 June 2015

NOTE 1. BASIS OF PREPARATION

These financial statements present the consolidated results of Recall Holdings Limited (ABN 27 116 537 832) (Company) and its subsidiaries (Recall or the Group) for the year ended 30 June 2015.

These consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). This general purpose financial report has 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.

These consolidated 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 2015 and 2014 are to the financial years ended 30 June 2015 and 30 June 2014 respectively.

As described in Note 4A, as part of the demerger from Brambles Limited (Brambles), Recall acquired certain legal entities during the year ended 30 June 2014. The results of the entities acquired during the demerger have only been included from their date of acquisition. Consequently, the financial performance and cash flow information for 2015 is not comparable with 2014.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These 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 2014:

AASB 2012-3: Amendments to AASB 132, Offsetting Financial Assets and Financial Liabilities, addresses inconsistencies identified in applying some of the offsetting criteria of AASB 132, clarifies the meaning of 'currently has a legally enforceable right to set-off' and that some gross settlement systems may be considered equivalent to net settlement. The revised requirements do not affect the accounting for any of Recall's current offsetting arrangements.

AASB Interpretation 21: clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. Adoption of this interpretation did not impact amounts recognised in the financial statements.

AASB 2013-4: Amendments to AASB 139, Novation of Derivatives and Continuation of Hedge Accounting, permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The revised requirements did not impact amounts recognised in the financial statements.

AASB 2014-1 Part A: Amendments to Australian Accounting Standards - Annual Improvements 2010- 2012 and 2011-2013 cycle sets out amendments to AAS arising from the issuance by the International Accounting Standards Board (IASB) of IFRSs, including amendments to AASB 2, Share-based Payment, AASB 3, Business Combinations, AASB 8, Operating Segments, AASB 116, Property, Plant and Equipment, AASB 124, Related Party Disclosures, and AASB 138, Intangible Assets (2010-2012 cycle), AASB 13, Fair Value Measurement, and AASB 140, Investment Property (2011-2013 cycle). These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Adoption of these amendments did not impact amounts recognised in the financial statements.

AASB 2013-9, Part C: Amendments to Australian Accounting Standards – Financial Instruments, makes amendments to a number of AAS, including incorporating Chapter 6, Hedge Accounting into AASB 9, Financial Instruments. Adoption of these amendments did not impact amounts recognised in the financial statements.

Basis of consolidation

The consolidated financial statements of Recall include the assets, liabilities and results of Recall Holdings Limited and all its legal subsidiaries. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Business combinations are accounted for using the acquisition method. On acquisition, the identifiable 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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

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.

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, regardless of when the payment is received. 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 from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

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. Interest income is included in finance income in the consolidated income statement.

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.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 2015 or 2014.

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. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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).

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. demerger related costs and the costs of significant reorganisation 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. Cash and cash equivalents also include short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as 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.

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis.

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.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

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 consolidated 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.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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.

The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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 rate of interest on the lease liability outstanding each period. Finance charges are recognised as finance cost in the consolidated income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

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.

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 2015, the following Australian Accounting Standards and Interpretations have been issued or amended and have not been early-adopted by Recall for the annual reporting period ended 30 June 2015.

AASB 9: AASB 9, Financial Instruments, is a new Principal standard applicable to annual reporting periods beginning on or after 1 January 2018, with early adoption permitted, subject to certain considerations. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2014-4: This guidance amends AASB 116, Property, Plant and Equipment, and AASB 138, Intangible Assets, to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The standard is applicable to reporting periods beginning on or after 1 January 2016, with early adoption being permitted. Recall does not expect that this standard will have a significant impact on its financial statements.

AASB 15: AASB 15, Revenue from Contracts with Customers, is applicable to annual reporting periods beginning on or after 1 January 2017, with early adoption being permitted. This standard provides a single, comprehensive revenue recognition model for all contracts with customers. Recall is in the process of assessing the new standard's impact and does not anticipate a significant impact on the Groups' financial statements.

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to 2012–2014 Cycle sets out amendments to certain AAS, including AASB 7, Financial Instruments. Recall does not expect that this standard will have a significant impact on its financial statements.

Rounding of amounts

As Recall is a company of a kind referred to in ASIC Class Order 98/100, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars, unless otherwise stated.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying its accounting policies, Recall has made estimates and assumptions concerning the future, which may differ from the related actual outcomes. Those estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

Recall's business units undertake an impairment review process annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. The recoverable amount of the goodwill in continuing operations is determined based on value in use calculations undertaken at the cash generating unit level. These calculations require the use of key assumptions which are set out in Note 20.

Income taxes

Recall is a global company and is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Recall recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. Refer to Note 10 for further details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 4. BUSINESS COMBINATIONS AND SALE OF BUSINESS

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.

The statutory financial information for 2014 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. Therefore, Recall's statutory financial performance for the year ended 30 June 2014 includes results of a number of material entities for only a part of the financial year.

Businesses acquired on demerger

As part of the demerger from Brambles, certain legal entities were acquired by Recall. 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**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 4. BUSINESS COMBINATIONS AND SALE OF BUSINESS (CONTINUED)

B) Business combinations

During the year ended 30 June 2015, Recall completed the following significant acquisitions – all 100% owned:

i) Access Records Management (Access); and

ii) Business Records Management (BRM).

Details regarding these acquisitions are set out below:

	ACCESS US$M	BRM US$M
Date of acquisition	**15 August 2014**	**3 December 2014**
Purchase consideration – cash	**25.9**	**75.0**
Fair value of assets and liabilities assumed:		
Property, plant and equipment	**0.2**	**5.5**
Identified intangible assets	**6.1**	**20.2**
Other assets and liabilities (net)	**0.1**	**1.9**
Net identifiable assets acquired	**6.4**	**27.6**
Goodwill recognised	**19.5**	**47.4**

The fair values of assets and liabilities detailed in the table above are based on provisional acquisition accounting data which will be finalised within 12 months from the date of acquisition. The goodwill is attributable to the profitability of the acquired businesses and anticipated synergies with Recall's existing Document Management Services business.

During the year ended 30 June 2014, Recall completed the significant acquisition:

i) CitiStorage LLC (CitiStorage) on 1 May 2014.

Details regarding this acquisition are set out below:

	CITI STORAGE US$M
Purchase consideration	48.3
Fair value of assets and liabilities assumed:	
Property, plant and equipment	10.5
Identified intangible assets	9.0
Other assets and liabilities (net)	1.3
Net identifiable assets acquired	**20.8**
Goodwill recognised	**27.5**

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

There were a number of other non-material business combinations in the years ended 30 June 2015 and 30 June 2014. Total purchase consideration for these acquisitions was US$43.4 million (2014: US$8.3 million).

The contribution of all acquisitions to the Group's revenue and profit during the period since acquisition was immaterial individually and in total. It is impracticable to accurately determine the contribution that all acquisitions would have made to the revenue and net profit of the Group had they been acquired at the start of the reporting period.

There were no material changes in the fair values of assets and liabilities assumed in relation to the acquisitions completed in 2014.

C) Sale of business

The sale of the Secure Destruction Services (SDS) business in Germany was completed on 3 December 2014. The sale proceeds were US$20.4 million (net of cash disposed) resulting in a gain on sale of US$2.1 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 5. 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 the 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.

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	
	2015 US$M	2014 US$M
By operating segment		
Americas	**387.4**	217.0
Europe	**188.0**	152.5
ANZ	**178.1**	198.3
Asia	**74.3**	45.9
Recall operations	**827.8**	613.7
Recall HQ	**–**	–
Total	**827.8**	613.7
By geographic origin		
Americas	**387.4**	217.0
Europe	**188.0**	152.5
Australia	**158.5**	177.2
Other	**93.9**	67.0
Total	**827.8**	613.7
By service line		
Document Management Services (DMS)	**641.5**	470.8
Secure Destruction Services (SDS)	**101.2**	78.7
Data Protection Services (DPS)	**85.1**	64.2
Total	**827.8**	613.7

	OPERATING PROFIT[1]		SIGNIFICANT ITEMS BEFORE TAX[2]		UNDERLYING PROFIT[2]	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M	2015 US$M	2014 US$M
By operating segment						
Americas	**65.7**	14.8	**(4.2)**	(16.6)	**69.9**	31.4
Europe	**13.7**	6.5	**(8.5)**	(4.3)	**22.2**	10.8
ANZ	**29.3**	41.2	**(7.2)**	(3.4)	**36.5**	44.6
Asia	**16.1**	7.7	**(0.2)**	(0.4)	**16.3**	8.1
Recall operations	**124.8**	70.2	**(20.1)**	(24.7)	**144.9**	94.9
Recall HQ[3]	**(18.1)**	4.4	**(8.9)**	(14.3)	**(9.2)**	18.7
Total	**106.7**	74.6	**(29.0)**	(39.0)	**135.7**	113.6

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 before finance costs, tax and Significant Items (refer to Note 7). 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 5. SEGMENT INFORMATION (CONTINUED)

	CAPITAL EXPENDITURE[1]		DEPRECIATION AND AMORTISATION	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
By operating segment				
Americas	**33.6**	16.9	**30.3**	14.1
Europe	**7.5**	6.7	**12.7**	9.8
ANZ	**4.8**	4.6	**11.7**	11.8
Asia	**5.4**	2.7	**5.8**	4.6
Recall operations	**51.3**	30.9	**60.5**	40.3
Recall HQ	**10.4**	3.7	**9.3**	6.8
Total	**61.7**	34.6	**69.8**	47.1

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

	SEGMENT ASSETS		SEGMENT LIABILITIES	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
By operating segment				
Americas	**688.9**	591.6	**72.4**	74.1
Europe	**262.5**	334.1	**77.5**	84.0
ANZ	**239.3**	248.8	**42.9**	38.6
Asia	**183.5**	195.8	**14.7**	13.4
Recall operations	**1,374.2**	1,370.3	**207.5**	210.1
Recall HQ	**36.8**	24.6	**22.6**	22.8
Cash and borrowings	**88.2**	72.1	**648.5**	552.2
Current tax balances	**–**	–	**7.5**	8.3
Deferred tax balances	**4.8**	0.3	**68.7**	75.2
Equity-accounted investments	**–**	0.7	**–**	–
Total segment assets and liabilities	**1,504.0**	1,468.0	**954.8**	868.6

	2015 US$M	2014 US$M
Non-current assets by geographic origin[1]		
Americas	**606.2**	518.9
Europe	**201.6**	259.2
Australia	**203.8**	210.2
Other	**197.2**	211.2
Total	**1,208.8**	1,199.5

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 6. PROFIT FROM ORDINARY ACTIVITIES

	2015 US$M	2014 US$M
A) Revenue and other income		
Sales revenue	**827.8**	613.7
Gain on sale of business	**2.1**	–
Total income	**829.9**	613.7
B) Operating expenses		
Employment costs (Note 8)	**291.8**	198.6
Service suppliers:		
- travel and transport	**51.2**	45.4
- repairs and maintenance	**15.9**	10.7
- subcontractors and other service suppliers	**91.7**	67.8
Raw materials and consumables	**18.1**	15.7
Occupancy	**147.3**	111.1
Insurance	**12.0**	10.0
Depreciation of property, plant and equipment	**45.3**	31.0
Write-off of assets	**5.2**	8.1
Amortisation of intangible assets and deferred expenditure	**24.4**	16.1
Other	**20.4**	24.8
Total operating expenses	**723.3**	539.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 7. 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. demerger related costs and the costs 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.

	2015 US$M		
	BEFORE TAX	TAX	AFTER TAX
Items outside the ordinary course of business:			
- demerger related expenses [1]	**(4.5)**	**0.6**	(3.9)
- restructuring [2]	**(15.8)**	**4.5**	(11.3)
- acquisitions related expenses [3]	**(2.9)**	**1.2**	(1.7)
- Iron Mountain transaction costs [4]	**(5.8)**	**2.2**	(3.6)
- reset of tax base [5]	**–**	**10.1**	10.1
Significant Items	**(29.0)**	**18.6**	(10.4)

	2014 US$M		
	BEFORE TAX	TAX	AFTER TAX
Items outside the ordinary course of business:			
- demerger related expenses [1]	(16.7)	5.6	(11.1)
- restructuring [2]	(17.1)	5.6	(11.5)
- acquisitions related expenses [3]	(1.9)	0.6	(1.3)
- write-off of assets [6]	(3.3)	1.3	(2.0)
Significant Items	(39.0)	13.1	(25.9)

1 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.

2 Restructuring expenses comprise:
- site consolidation provision of US$15.8 million (2014: US$15.3 million). This provision relates to the Facility Optimisation Programs (the program) announced by Recall in June 2015 (FOP2) and June 2014 (FOP1). The Program involves consolidating existing facilities or downsizing under-utilised sites in Australia, Brazil, United Kingdom, Denmark, North America and France; and
- one-off costs relating to exiting a facility in North America.

3 These expenses were incurred in relation to acquisitions completed or being pursued by Recall and sale of SDS business in Germany.

4 US$5.3 million of legal and professional fees incurred in relation to Iron Mountain's bid to acquire Recall and exploration of a potential corporate restructure of US$0.5 million.

5 Reset of tax basis on certain assets of the Australian entities resulted in a tax benefit in the amount of US$10.1 million.

6 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.

NOTE 8. EMPLOYMENT COSTS

	2015 US$M	2014 US$M
Wages and salaries	**230.6**	160.1
Social security costs	**40.0**	27.2
Share-based payments expense	**9.1**	2.6
Contributions to defined contribution plans	**8.9**	7.1
Post employment benefits	**3.2**	1.6
	291.8	198.6

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 9. NET FINANCE COSTS

	2015 US$M	2014 US$M
Finance revenue		
Bank accounts and short term deposits	**0.5**	0.5
Net foreign exchange gain	**–**	–
	0.5	0.5
Finance costs		
Interest expense on borrowings	**(18.8)**	(9.5)
Derivative financial instruments	**(0.3)**	(0.1)
Net foreign exchange gain/(loss)	**1.4**	(0.9)
Commitment fees and amortisation of financing cost	**(4.3)**	(2.0)
Other	**(0.1)**	(0.3)
	(22.1)	(12.8)
Net finance costs	**(21.6)**	(12.3)

NOTE 10. INCOME TAX

	2015 US$M	2014 US$M
A) Components of tax expense		
Amounts recognised in the income statement		
Current income tax:		
- income tax charge	**23.7**	18.8
- prior year adjustments	**(3.1)**	(0.1)
	20.6	18.7
Deferred tax:		
- origination and reversal of temporary differences	**(6.5)**	1.4
- prior year adjustments	**6.0**	0.2
	(0.5)	1.6
Tax expense recognised in the income statement	**20.1**	20.3
Amounts recognised in the statement of comprehensive income		
- on share-based payments	**(1.7)**	(0.5)
- on losses on revaluation of cash flow hedges	**–**	(0.2)
Tax expense/(benefit) recognised directly in the statement of comprehensive income	**(1.7)**	(0.7)
B) Reconciliation between tax expense and accounting profit before tax		
Profit before tax	**85.1**	62.3
Tax at standard Australian rate of 30% (2013: 30%)	**25.5**	18.7
Effect of tax rates in other jurisdictions	**(2.7)**	(1.0)
Prior year adjustments	**2.9**	0.1
Current year tax losses not recognised	**2.0**	0.9
Non-deductible expenses	**3.4**	4.2
Reset of tax base	**(10.1)**	–
Other	**(0.9)**	(2.6)
Total income tax expense	**20.1**	20.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 10. INCOME TAX (CONTINUED)

	2015 US$M	2014 US$M
C) Components of and changes in deferred tax assets		
Deferred tax assets shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Employee benefits and other provisions	**19.8**	23.6
Losses available against future taxable income	**8.7**	11.8
Other	**4.6**	7.6
	33.1	43.0
Items recognised directly in equity		
Cash flow hedges	**0.3**	0.2
Share-based payments	**2.2**	0.5
	2.5	0.7
Set-off against deferred tax liabilities	**(30.8)**	(43.4)
Net deferred tax assets	**4.8**	0.3
Changes in deferred tax assets (prior to netting off with deferred tax liabilities) were as follows:		
At 1 July	**43.7**	6.7
(Charged)/credited to the income statement	**(9.9)**	12.8
(Charged)/credited directly to equity	**1.7**	0.7
Acquired during demerger	**–**	23.6
Foreign exchange differences	**0.1**	(0.1)
At 30 June	**35.6**	43.7

Deferred tax assets are recognised for carried forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. At reporting date, Recall has unused tax losses of US$83.1 million (2014: US$102.3 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US$68.2 million (2014: US$68.2 million) of such losses.

The benefit for tax losses will only be obtained if:

- Recall derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- Recall continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect Recall in realising the benefit from the deductions for the losses.

No deferred tax asset has been recognised in respect of the remaining unused tax losses of US$14.9 million (2014: US$34.1 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US$65.6 million (2014: US$64.2 million) which have been recognised in the balance sheet, will expire between 2017 and 2033 (2014: between 2015 and 2033). All other losses may be carried forward indefinitely.

	2015 US$M	2014 US$M
D) Components and changes in deferred tax liabilities		
Deferred tax liabilities shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Property, plant and equipment and intangible assets	**92.3**	98.4
Undistributed earnings of subsidiaries	**2.2**	4.0
Other	**5.0**	16.2
	99.5	118.6
Set-off against deferred tax assets	**(30.8)**	(43.4)
Net deferred tax liabilities	**68.7**	75.2
Changes in deferred tax liabilities (prior to netting off with deferred tax assets) were as follows:		
At 1 July	**118.6**	14.3
Charged to the income statement	**(10.4)**	14.4
Acquired during demerger	**–**	87.2
Acquisition of subsidiaries	**(2.9)**	2.0
Currency variations	**(5.8)**	0.7
At 30 June	**99.5**	118.6

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

Deferred tax liability recorded as at 30 June 2015 in respect of temporary differences associated with undistributed earnings of subsidiaries is US$2.2 million (2014: US$4.0 million). No deferred tax liability has been recognised for the remaining undistributed earnings of subsidiaries because Recall Holdings Limited is able to control the timing of distributions from subsidiaries and is not expected to distribute these profits in the foreseeable future.

E) Tax consolidation

Following the demerger of Recall from Brambles on 18 December 2013, Recall Holdings Limited and its Australian subsidiaries formed a tax consolidated group on 18 December 2013. Recall Holdings Limited, as the head entity of the tax consolidated group, and its Australian subsidiaries have entered into a tax sharing agreement in order to allocate income tax expense. The tax sharing agreement uses a stand-alone taxpayer basis of allocation. Consequently, Recall Holdings Limited and its Australian subsidiaries account for their own current and deferred tax amounts as if they each continue to be taxable entities in their own right. In addition, the agreement provides funding rules setting out the basis upon which subsidiaries are to indemnify Recall Holdings Limited in respect of tax liabilities and the methodology by which subsidiaries in tax loss are to be compensated.

Formation of the tax consolidated group referred to above resulted in a resetting of tax bases of certain assets of the Australian entities as of the date of the formation of the tax consolidated group. To quantify the impact of this resetting, the fair value of the Australian entities and the fair value of their identifiable assets and liabilities was determined, which required management to make assumptions, judgements and estimates. A deferred tax benefit of US$10.1 million was recorded during the year ended 30 June 2015 in respect of the resetting of tax bases of which US$7.8 million is included in the deferred tax asset balance as at 30 June 2015.

NOTE 11. EARNINGS PER SHARE

	2015 US CENTS	2014 US CENTS
Earnings per share:		
- basic	**20.7**	20.1
- diluted	**20.5**	20.0
- basic, on Underlying Profit after finance costs and tax	**24.0**	32.5

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. Details are set out in Note 27.

	2015 MILLION	2014 MILLION
A) Weighted average number of shares during the year		
Used in the calculation of basic earnings per share	**313.4**	208.7
Adjustment for share rights	**4.0**	1.1
Used in the calculation of diluted earnings per share	**317.4**	209.8

	2015 US$M	2014 US$M
B) Reconciliation of profit used in EPS calculation		
Underlying Profit after finance costs and tax		
Underlying Profit (Note 5)	**135.7**	113.6
Net finance costs (Note 9)	**(21.6)**	(12.3)
Underlying Profit before tax	**114.1**	101.3
Tax expense on Underlying Profit	**(38.7)**	(33.4)
Underlying Profit after finance costs and tax	**75.4**	67.9
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**75.4**	67.9
Significant Items after tax (Note 7)	**(10.4)**	(25.9)
Profit for the year	**65.0**	42.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 12. DIVIDENDS

A) Dividends paid during the year

	INTERIM 2015	FINAL 2014
Dividend per share (in Australian cents)	**9.0**	8.0
Total dividend (in US$ million)	**21.8**	22.0
Franked amount at 30% tax (in Australian cents)	**2.7**	–
Payment date	**24 April 2015**	23 October 2014

B) Dividend paid to brambles

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.

C) Dividend determined after reporting date

	FINAL 2015
Dividend per share (in Australian cents)	**10.0**
Franked amount at 30% tax (in Australian cents)	**4.0**
Payment date	**28 October 2015**
Dividend record date	**7 October 2015**

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

D) Franking credits

	2015 US$M	2014 US$M
Franking credits available for subsequent financial years based on a tax rate of 30%	**7.1**	5.1

The amounts above represent the balance of the franking account as at the end of the year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

NOTE 13. CASH AND CASH EQUIVALENTS

	2015 US$M	2014 US$M
Cash at bank and in hand	**88.5**	72.1
	88.5	72.1

In April 2015, Recall entered into an agreement with a third-party bank to implement a multi-national, multi-currency notional cash pooling program which enables Recall to efficiently manage its global cash position, reduce borrowing costs and maximise returns on cash.

Refer to Note 29 for other financial instruments disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 14. TRADE AND OTHER RECEIVABLES

CURRENT	2015 US$M	2014 US$M
Trade receivables	**134.3**	140.6
Provision for doubtful receivables (A)	**(8.6)**	(9.6)
Net trade receivables	**125.7**	131.0
Other debtors	**28.2**	12.4
Accrued and unbilled revenue	**29.3**	34.1
	183.2	177.5
Non-current		
Other receivables	**6.7**	7.4

A) Provision for doubtful receivables

Trade receivables are non-interest bearing and are generally on 30–90 day terms. 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.

Movements in the provision for doubtful receivables were as follows:

	2015 US$M	2014 US$M
At 1 July	**9.6**	0.7
(Reversed)/charged in income statement	**3.2**	1.6
Acquired during demerger	**–**	11.0
Acquisition of subsidiaries	**0.1**	0.4
Amounts written off	**(3.2)**	(4.0)
Foreign exchange differences	**(1.1)**	(0.1)
At 30 June	**8.6**	9.6

	2015 US$M	2014 US$M
At 30 June, the ageing analysis of trade receivables by reference to due dates was as follows:		
Not past due	**75.2**	76.5
Past due 0-30 days but not impaired	**18.2**	18.7
Past due 31-60 days but not impaired	**9.7**	8.7
Past due 61-90 days but not impaired	**19.6**	4.4
Past due 90 days but not impaired	**3.0**	22.7
Impaired	**8.6**	9.6
	134.3	140.6

At 30 June 2015, trade receivables of US$50.5 million (2014: US$54.5 million) were past due but not impaired. These trade receivables comprise customers who have a good debt history and are considered fully recoverable.

Other debtors primarily comprise GST/VAT recoverable and deposits recoverable from third parties.

At 30 June 2015, other debtors of US$0.9 million (2014: US$2.0 million) were past due but not considered to be impaired. No specific collection issues have been identified with these receivables and therefore, no provision has been recognised. An ageing of these receivables was as follows:

	2015 US$M	2014 US$M
Not past due	**27.3**	10.4
Past due 90 days but not impaired	**0.9**	2.0
	28.2	12.4

Refer to Note 29 for other financial instruments disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 15. INVENTORIES

	2015 US$M	2014 US$M
Raw materials and consumables	**2.1**	2.5
	2.1	2.5

NOTE 16. DERIVATIVE FINANCIAL INSTRUMENTS

	NON-CURRENT ASSETS	
	2015 US$M	2014 US$M
Forward foreign currency contracts – cash flow hedges	**0.1**	–
	0.1	–

	NON-CURRENT LIABILITIES	
	2015 US$M	2014 US$M
Interest rate swaps – cash flow hedges	**0.8**	0.7
	0.8	0.7

Refer to Note 29 for other financial instruments disclosures.

NOTE 17. OTHER ASSETS

	2015 US$M	2014 US$M
Current		
Prepayments	**16.5**	16.1
	16.5	16.1
Non-current		
Prepayments	**0.3**	0.5

NOTE 18. INVESTMENTS

A) Joint venture

As at 30 June 2014, Recall had an investment in the following unlisted jointly controlled entity, which was accounted for using the equity method. This investment was disposed during 2015 as part of the sale of the SDS business in Germany (refer to Note 4C).

		% INTEREST HELD AT REPORTING DATE	
NAME (AND NATURE OF BUSINESS)	PLACE OF INCORPORATION	JUNE 2015	JUNE 2014
Recall Becker GmbH & Co. KG (Document management services)	Germany	**–**	50%

	2015 US$M	2014 US$M
B) Movement in carrying amount of investment in joint venture		
At 1 July	**0.7**	–
Acquired during demerger	**–**	0.6
Disposal of investment	**(0.7)**	–
Share of results after income tax (Note 18C)	**0.1**	0.2
Foreign exchange differences	**(0.1)**	(0.1)
At 30 June	**–**	0.7
C) Share of results of joint venture		
Trading revenue	**0.4**	0.8
Expenses	**(0.3)**	(0.6)
Profit from ordinary activities before tax	**0.1**	0.2
Tax expense on ordinary activities	**–**	–
Profit for the year	**0.1**	0.2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS US$M	PLANT AND EQUIPMENT US$M	TOTAL US$M
At 1 July 2013			
Cost	15.3	124.2	139.5
Accumulated depreciation	(10.6)	(60.2)	(70.8)
Net carrying amount	4.7	64.0	68.7
Year ended 30 June 2014			
Opening net carrying amount	4.7	64.0	68.7
Additions	4.0	24.4	28.4
Acquisition of subsidiaries	0.1	10.7	10.8
Acquired during demerger	118.4	231.9	350.3
Disposals	(0.1)	(0.5)	(0.6)
Write-off of assets	(0.5)	(0.9)	(1.4)
Transfers/reclassifications	5.4	(5.4)	–
Depreciation charge	(6.8)	(24.2)	(31.0)
Foreign exchange differences	1.9	5.2	7.1
Closing net carrying amount	127.1	305.2	432.3
At 30 June 2014			
Cost	222.3	620.5	842.8
Accumulated depreciation	(95.2)	(315.3)	(410.5)
Net carrying amount	127.1	305.2	432.3
Year ended 30 June 2015			
Opening net carrying amount	**127.1**	**305.2**	**432.3**
Additions	**6.6**	**52.8**	**59.4**
Acquisition of subsidiaries	**1.1**	**7.6**	**8.7**
Disposals	**(1.1)**	**(0.1)**	**(1.2)**
Disposals – sale of business	**(4.8)**	**(3.0)**	**(7.8)**
Write-off of assets	**–**	**(6.4)**	**(6.4)**
Transfers/reclassifications	**(1.9)**	**1.9**	**–**
Depreciation charge	**(7.9)**	**(37.4)**	**(45.3)**
Foreign exchange differences	**(18.4)**	**(31.5)**	**(49.8)**
Closing net carrying amount	**100.7**	**289.1**	**389.8**
At 30 June 2015			
Cost	**179.5**	**563.7**	**743.2**
Accumulated depreciation	**(78.8)**	**(274.6)**	**(353.4)**
Net carrying amount	**100.7**	**289.1**	**389.8**

The net carrying amounts above include: leasehold improvements US$26.3 million (2014: US$29.4 million); and capital work in progress US$5.3 million (2014: US$3.3 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 20. GOODWILL

A) Net carrying amounts and movements during the year

	2015 US$M	2014 US$M
At 1 July		
Gross and net carrying amount	**651.0**	125.8
Year ended 30 June		
Opening net carrying amount	**651.0**	125.8
Acquisition of subsidiaries	**99.3**	34.7
Acquired during demerger	**–**	485.1
Disposal – sale of business	**(3.6)**	–
Foreign exchange differences	**(69.5)**	5.4
Closing net carrying amount	**677.2**	651.0
At 30 June		
Gross carrying amount	**677.2**	651.0
Accumulated impairment	**–**	–
Net carrying amount	**677.2**	651.0

B) Segment-level summary of net carrying amount

Goodwill acquired through business combinations is allocated to cash generating units (CGU), which are the smallest identifiable groupings of Recall's cash generating assets. A segment-level summary of the goodwill allocation is presented as follows:

	2015 US$M	2014 US$M
Americas	**352.7**	298.1
Europe	**98.8**	122.7
ANZ	**127.3**	124.2
Asia	**98.4**	106.0
Total goodwill	**677.2**	651.0

C) Recoverable amount testing

The recoverable amount of goodwill is determined based on value in use calculations undertaken at the CGU level. The value in use is calculated using a discounted cash flow methodology covering a five year (2014: 10 year) period with an appropriate terminal value at the end of that period. Based on the impairment testing, the carrying amounts of goodwill in the CGUs related to continuing operations at reporting date were fully supported. The key assumptions on which management has based its cash flow projections were as below:

(i) Cash flow forecasts

Cash flow forecasts are based on the most recent financial projections covering a maximum period of five years. Cash flows beyond that period are extrapolated using estimated growth rates. Financial projections are based on assumptions that represent management's best estimates.

(ii) Growth rates

Growth rates beyond the period covered in the financial projections are based on management's expectations for future performance and averaged 2.1% across all segments (2014: 2.0%).

(iii) Terminal value

The terminal value calculated after year five (2014: year 10) is determined using the stable growth model, having regard to the weighted average cost of capital and terminal growth factor appropriate to each CGU.

(iv) Discount rates

Discount rates used are the pre-tax weighted average cost of capital (WACC) and include a premium for market risks appropriate to each country in which the CGU operates. WACC rates for 2015 ranged between 7.2% and 20.5% (average rates: Americas 12.8%; Europe 9.0%; ANZ 10.8%; and Asia 9.4%). WACC rates for 2014 ranged between 8.4% and 19.9% (average rates: Americas 13.4%; Europe 8.9%; ANZ 12.7%; and Asia 11.4%).

Sensitivity

Any reasonable change to the above key assumptions would not cause the carrying value of the CGU is to materially exceed its recoverable amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 21. INTANGIBLE ASSETS

	SOFTWARE US$M	OTHER[1] US$M	TOTAL US$M
At 1 July 2013			
Gross carrying amount	7.4	74.6	82.0
Accumulated amortisation	(3.9)	(40.1)	(44.0)
Net carrying amount	3.5	34.5	38.0
Year ended 30 June 2014			
Opening carrying amount	3.5	34.5	38.0
Additions	4.4	6.5	10.9
Acquisition of subsidiaries	–	10.1	10.1
Acquired during demerger	22.1	42.9	65.0
Amortisation charge	(6.8)	(9.3)	(16.1)
Write-off of assets	(2.0)	(1.3)	(3.3)
Foreign exchange differences	0.3	2.7	3.0
Closing carrying amount	21.5	86.1	107.6
At 30 June 2014			
Gross carrying amount	88.0	214.9	302.9
Accumulated amortisation	(66.5)	(128.8)	(195.3)
Net carrying amount	21.5	86.1	107.6
Year ended 30 June 2015			
Opening carrying amount	**21.5**	**86.1**	**107.6**
Additions	**11.5**	**17.9**	**29.4**
Acquisition of subsidiaries	**0.1**	**33.9**	**34.0**
Transfers/reclassifications	**(0.2)**	**0.2**	**–**
Amortisation charge	**(8.7)**	**(15.7)**	**(24.4)**
Write-off of assets	**(0.1)**	**–**	**(0.1)**
Foreign exchange differences	**(0.8)**	**(10.9)**	**(11.7)**
Closing carrying amount	**23.3**	**111.5**	**134.8**
At 30 June 2015			
Gross carrying amount	**93.2**	**222.0**	**315.2**
Accumulated amortisation	**(69.9)**	**(110.5)**	**(180.4)**
Net carrying amount	**23.3**	**111.5**	**134.8**

1 Other intangible assets primarily comprise acquired customer relationships and lists; and deferred expenditure.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 22. TRADE AND OTHER PAYABLES

	2015 US$M	2014 US$M
Current		
Trade payables	**36.3**	44.6
GST/VAT, refundable deposits and other payables	**25.1**	25.1
Accruals	**74.4**	69.6
Deferred income	**30.0**	35.2
	165.7	174.5
Non-current		
Other liabilities	**19.4**	21.3

Trade payables and other current payables are non-interest bearing and are generally settled on 30–90 day terms.

Refer to Note 29 for other financial instruments disclosures.

NOTE 23. BORROWINGS

	2015 US$M	2014 US$M
Current		
Unsecured:		
- bank overdraft [1]	**15.9**	–
- bank loans [2]	**1.5**	–
- finance lease liabilities	**4.4**	–
	21.8	–
Non-current		
Unsecured:		
- bank loans [2]	**617.8**	552.2
- finance lease liabilities	**8.9**	–
	626.7	552.2
Total borrowings	**648.5**	552.2

1 Recall maintains a multinational cash pool with a third-party bank. Overdraft balances incurred under this program have replaced intercompany loans and are presented within borrowings in the balance sheet.

2 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 and is backed by a syndicate of banks. The total facility size as at June 30 2015 was US$1,050 million (2014: US$800 million).

Recall entered into a new 364 day revolving credit facility for INR 240 million in 2015 of which US$1.5 million was outstanding as at June 30 2015.

The amount shown above is net of US$6.1 million (2014: US$4.2 million) of capitalised borrowing costs.

Refer to Note 29 for other financial instruments disclosures.

A) Borrowing facilities and credit standby arrangements

	2015 US$M	2014 US$M
Total facilities:		
- unsecured bank loans	**1,053.8**	800.0
- bank overdraft arrangements [1]	**42.4**	16.0
	1,096.2	816.0
Facilities used at reporting date:		
- unsecured bank loans	**625.4**	556.4
- bank overdraft cash pool [3]	**–**	–
	625.4	556.4
Facilities available at reporting date:		
- unsecured bank loans	**428.4**	243.6
- bank overdraft arrangements	**42.4**	16.0
	470.8	259.6

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

B) Borrowing facilities maturity profile

MATURITY	TYPE	US$M TOTAL FACILITIES	FACILITIES USED[2]	FACILITIES AVAILABLE
2015				
Less than 1 year[3]	Bank overdrafts, Bank overdrafts – cash pool, Unsecured bank loans	**46.2**	**1.5**	**44.7**
2 – 3 years	Unsecured bank loans	**–**	**–**	**–**
4 – 5 years[4]	Unsecured bank loans	**1,050.0**	**623.9**	**426.1**
		1,096.2	**625.4**	**470.8**
2014				
Less than 1 year	Bank overdrafts	16.0	–	16.0
2 – 3 years	Unsecured bank loans	400.0	387.5	12.5
4 – 5 years	Unsecured bank loans	400.0	168.9	231.1
		816.0	556.4	259.6

1 In April 2015, Recall entered into a new US$25 million overdraft facility with Bank Mendes Gans N.V. to support the cash pool.
2 Facilities used represents the principal value of loan notes and borrowings debited against the relevant facilities to reflect the correct amount of funding headroom.
3 Cash pool overdrafts are collateralised by cash balances within the pool as opposed to a separate bank arrangement. Facilities does not include US$15.9 million of cash pool overdrafts.
4 As at 30 June 2015 and as at the date of these financial statements, in accordance with the Syndicated Facility Agreement (SFA), Recall has an unconditional right to defer settlement of $623.9 million of unsecured bank loans for at least 12 months after the balance sheet date and as a result have classified these as non-current borrowings. If all the necessary regulatory and shareholder approvals are obtained and Recall is subsequently acquired by Iron Mountain, the banks would have the option to cancel the SFA and require outstanding balances to be repaid no later than 90 days subsequent to the finalisation of the takeover. If these events occur, the bank loans currently classified as non-current would be re-classified to current borrowings.

NOTE 24. PROVISIONS

	EMPLOYEE ENTITLEMENTS[1] US$M	OTHER[2] US$M	TOTAL US$M
At 1 July 2014			
Current	9.4	16.9	26.3
Non-current	1.8	8.3	10.1
	11.2	**25.2**	**36.4**
Charge to income statement	**1.5**	**15.4**	**16.9**
Utilisation of provision	**(2.2)**	**(3.8)**	**(6.0)**
Acquisition of subsidiaries	**0.2**	**0.3**	**0.5**
Sale of business	**–**	**–**	**–**
Foreign exchange differences	**(1.9)**	**(1.8)**	**(3.7)**
At 30 June 2015	**8.8**	**35.4**	**44.2**
Current	**7.7**	**24.5**	**32.2**
Non-current	**1.1**	**10.9**	**12.0**

1 Employee entitlements provisions comprise US$3.2 million (2014: US$2.8 million) for long service leave and US$5.6 million (2014: US$8.4 million) for other employee-related obligations.
2 Other provisions mainly comprise US$5 million (2014: US$7.7 million) for decommissioning costs and other costs; and US$22.8 million (2014: US$15.3 million) for site consolidation programs (Facility Optimisation 1 and 2).

NOTE 25. RETIREMENT BENEFIT OBLIGATIONS

Recall operates a number of defined contribution plans for qualifying employees. The assets of these plans are held in separately administered trusts or insurance policies. In some countries, Recall's employees are members of state-managed retirement benefit plans. Recall is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund benefits. The only obligation of Recall with respect to defined contribution retirement benefit plans is to make the specified contributions.

US$8.9 million (2014: US$7.1 million) representing contributions paid and payable to these plans by Recall at rates specified in the rules of the plans has been recognised as an expense in the income statement.

Recall does not have any material defined benefit plans.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 26. CONTRIBUTED EQUITY

	SHARES (NO.)	US$M
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2013	73,000,002	71.4
Issued during the year	466,977,132	592.7
Return of capital during demerger	–	(118.4)
Effect of share split and consolidation	(227,140,686)	–
At 30 June 2014	312,836,448	545.7
At 1 July 2014	**312,836,448**	**545.7**
Issued during the year	**838,263**	**3.0**
At 30 June 2015	**313,674,711**	**548.7**

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 27. SHARE-BASED PAYMENTS

The Remuneration Report sets out details relating to Recall's Performance Share Plan (pages 41 to 42), together with details of performance share rights issued to the Chief Executive Officer and other Key Management Personnel (pages 45 to 46). Rights granted by Recall do not result in an entitlement to participate in share issues of any other entity.

Set out below are summaries of performance share rights granted under the plan.

A) Grants over recall holdings limited shares

GRANT DATE	VESTING DATE	EXPIRY DATE	BALANCE AT 1 JULY	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED/ LAPSED DURING THE YEAR	BALANCE AT 30 JUNE
2015							
10 Dec 2013	10 Dec 2014	10 Dec 2020	525,034	–	(525,034)	–	–
10 Dec 2013	10 Dec 2015	10 Dec 2020	525,034	–	–	–	525,034
22 Jan 2014	1 Jul 2014	22 Jan 2020	67,135	–	(67,135)	–	–
22 Jan 2014[1]	25 Sep 2014	22 Jan 2020	246,094	–	(207,737)	–	38,357
22 Jan 2014	1 Jul 2015	22 Jan 2020	67,135	–	–	–	67,135
22 Jan 2014	1 Jul 2016	22 Jan 2020	67,135	–	–	–	67,135
22 Jan 2014	26 Sep 2015	22 Jan 2020	351,957	–	–	–	351,957
22 Jan 2014[1]	26 Sep 2016	22 Jan 2020	386,138	–	–		386,138
22 Jan 2014	26 Sep 2016	22 Jan 2020	2,748,839	–	–	(69,548)	2,679,291
17 Nov 2015	26 Sep 2017	31 Dec 2020	–	1,116,847	–	(20,280)	1,096,567
25 Nov 2015	26 Sep 2017	31 Dec 2020	–	349,424	–	–	349,424
17 Nov 2015	26 Sep 2017	31 Dec 2020	–	222,439	–	(3,276)	219,163
10 Oct 2015	10 Oct 2016	10 Oct 2020	–	50,769	–	–	50,769
17 Nov 2015	26 Sep 2017	31 Dec 2020	–	372,279	–	(6,761)	365,518
25 Nov 2015	26 Sep 2017	31 Dec 2020	–	116,475	–	–	116,475
17 Nov 2015	26 Sep 2017	31 Dec 2020	–	400,596	–	(6,472)	394,124
25 Nov 2015	26 Sep 2017	31 Dec 2020	–	174,712	–	–	174,712
25 Nov 2015	26 Sep 2017	31 Dec 2020	–	58,238	–	–	58,238
17 Nov 2015	26 Sep 2017	31 Dec 2020	–	133,530		(2,157)	131,373
Total rights			**4,984,501**	**2,995,309**	**(799,906)**	**(108,494)**	**7,071,410**
2014 (summarised comparative)							
Total rights			**–**	**5,590,171**	**(525,035)**	**(80,635)**	**4,984,501**

1 Transitional awards made in lieu of Brambles LTI awards that lapsed and 2013 Brambles LTI grants not made, due to the Demerger.

Of the above grants, 38,357 rights were exercisable at 30 June 2015. There were 67,135 exercises, no forfeits and no additional grants in performance share rights between the end of the financial year and 14 August 2015.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

		2015 GRANTS	2014 GRANTS
Weighted average data:			
- fair value at grant date of grants made during the year	A$	**5.30**	3.35
- share price at exercise date of grants exercised during the year	A$	**5.94**	4.49
- remaining contractual life at 30 June	years	**5.03**	5.75

The fair value of equity-settled performance share rights was determined as at grant date, using a binomial valuation methodology. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as a probability adjustment is made when computing the share-based payment expense.

B) Fair value

The significant inputs into the valuation models for the equity-settled grants made during 2015 were:

	2015 GRANTS	2014 GRANTS
Weighted average share price	**A$6.43**	A$4.30
Expected volatility	**25%**	25%
Expected life	**2.8–2.9 years**	0.4–2.7 years
Annual risk-free interest rate	**2.50–2.57%**	2.39–2.91%
Expected dividend yield	**3.20%**	3.40%

The expected volatility was determined based on a two-year historic volatility of eight other listed companies.

The significant inputs into the valuation models for the equity-settled grants made during 2014 were:

	DEC 2013 GRANTS	JAN 2014 GRANTS
Weighted average share price	A$4.39	A$4.30
Expected volatility	25%	25%
Expected life	0–2 years	0.4–2.7 years
Annual risk-free interest rate	2.4–2.76%	2.39–2.91%
Expected dividend yield	3.40%	3.40%

The expected volatility was determined based on a two-year historic volatility of Brambles and six other listed companies.

C) Share-based payment expense

Recall recognised a total expense of US$9.1 million (2014: US$2.6 million) relating to share-based payments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 28. RESERVES AND RETAINED EARNINGS

	2015 US$M	2014 US$M
Reserves	**(245.7)**	(171.2)
Retained earnings	**246.1**	224.9
	0.4	53.7

A) Movements in reserves and retained earnings

	RESERVES					
	HEDGING US$M	SHARE-BASED PAYMENTS US$M	FOREIGN CURRENCY TRANSLATION US$M	COMMON CONTROL US$M	TOTAL US$M	RETAINED EARNINGS US$M
Year ended 30 June 2014						
Opening balance	–	2.5	(6.4)	(32.5)	(36.4)	206.7
Recognised in relation to demerger (Note 4A)	–	–	–	(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 period	–	2.6	–	–	2.6	–
- shares issued	–	(2.1)	–	–	(2.1)	–
- equity component of related tax	–	0.5	–	–	0.5	–
Dividends paid	–	–	–	–	–	(23.8)
Net profit for the year	–	–	–	–	–	42.0
Closing balance	(0.5)	3.5	5.3	(179.5)	(171.2)	224.9
Year ended 30 June 2015						
Opening balance	**(0.5)**	**3.5**	**5.3**	**(179.5)**	**(171.2)**	**224.9**
Recognised in relation to sale of business	**–**	**–**	**–**	**–**	**–**	**–**
Foreign exchange differences	**–**	**–**	**(82.4)**	**–**	**(82.4)**	**–**
Cash flow hedges:						
- fair value losses	**0.1**	**–**	**–**	**–**	**0.1**	**–**
- tax on fair value losses		**–**	**–**		**–**	**–**
Share-based payments:						**–**
- expense recognised during the period	**–**	**9.1**	**–**	**–**	**9.1**	**–**
- shares issued	**–**	**(3.0)**	**–**	**–**	**(3.0)**	**–**
- equity component of related tax	**–**	**1.7**	**–**	**–**	**1.7**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(43.8)**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**65.0**
Closing balance	**(0.4)**	**11.3**	**(77.1)**	**(179.5)**	**(245.7)**	**246.1**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

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 payments expense recognised in the income statement in relation to equity-settled options and share rights issued but not yet exercised. Refer to Note 27 for further details.

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 in 2014 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.

NOTE 29. FINANCIAL RISK MANAGEMENT

Recall is exposed to a variety of financial risks: market risk (including the effect of fluctuations in interest rates and exchange rates), liquidity risk and credit risk.

Recall's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

To the extent Recall is not able to manage these risks organically; the Company uses standard derivative financial instruments to manage its risk exposure in the normal course of business. Recall does not trade in financial instruments for speculative purposes. Hedging activities are conducted through Recall's Treasury department on a centralised basis in accordance with Board policies and guidelines through standard operating procedures and delegated authorities.

Policies with respect to financial risk management and hedging activities are discussed below and should be read in conjunction with detailed information contained in the Operational & Financial Review.

A) Fair values

Set out below is a comparison by category of the carrying amounts and fair values of financial instruments recognised in the balance sheet. With the exception of hedging instruments, all financial assets and financial liabilities are classified as loans and receivables.

	CARRYING AMOUNT		FAIR VALUE	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
Financial assets				
- cash at bank and in hand (Note 13)	**88.5**	72.1	**88.5**	72.1
- trade receivables (Note 14)	**125.7**	131.0	**125.7**	131.0
- forward foreign currency contracts (Note 16)	**0.1**	–	**0.1**	–
Financial liabilities				
- trade payables (Note 22)	**36.3**	44.6	**36.3**	44.6
- bank overdrafts (Note 23)	**15.9**	–	**15.9**	–
- bank loans (Note 23)	**619.3**	552.2	**619.3**	552.2
- finance lease liabilities (Note 23)	**13.3**	–	**13.3**	–
- interest rate swaps (Note 16)	**0.8**	0.7	**0.8**	0.7

Recall uses the following methods in estimating the fair values of financial instruments:

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not observable market data.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below sets out the fair values and methods used to estimate the fair value of derivatives designated as hedging instruments.

	2015				2014			
	LEVEL 1 US$M	LEVEL 2 US$M	LEVEL 3 US$M	TOTAL US$M	LEVEL 1 US$M	LEVEL 2 US$M	LEVEL 3 US$M	TOTAL US$M
Derivative financial assets								
- forward foreign currency contracts	**–**	**0.1**	**–**	**0.1**	–	–	–	–
Derivative financial liabilities								
- interest rate swaps and FX contracts	**–**	**0.8**	**–**	**0.8**	–	0.7	–	0.7

The fair values of derivatives designated as hedging instruments are determined using valuation techniques that are based on observable market data. Fair value for other financial assets and liabilities has been calculated by discounting future cash flows at prevailing interest rates for the relevant yield curve.

B) Market risk

Recall has the following risk policies in place with respect to market risk.

Interest rate risk

Recall's exposure to potential volatility in finance costs, predominantly US dollars, Australian dollars, Sterling and Euros, is managed by maintaining a mix of fixed and floating-rate instruments within select target bands over defined periods. In most cases, interest rate derivatives are used to achieve these targets synthetically.

The following table sets out the financial instruments exposed to interest rate risk at reporting date:

	2015 US$M	2014 US$M
Financial assets (floating rate)		
Cash at bank	**88.5**	72.1
Weighted average effective interest rate	**0.7%**	0.7%
Financial liabilities (floating rate)		
Bank overdrafts	**15.9**	–
Bank loans	**619.3**	552.2
Interest rate swaps (notional value) - cash flow hedges	**(200.0)**	(200.0)
Interest rate swaps (notional value) - fair value hedges	**–**	–
Net exposure to cash flow interest rate risk	**435.2**	352.2
Weighted average effective interest rate	**2.5%**	3.1%
Financial liabilities (fixed rate)		
Finance lease liabilities	**13.3**	–
Interest rate swaps (notional value) - cash flow hedges [1]	**200.0**	200.0
Net exposure to fair value interest rate risk	**213.3**	200.0
Weighted average effective interest rate	**1.0%**	0.9%

1 Interest rate swaps fix the floating rate component of bank loans. Bank loan interest also includes a margin, which was 1.7% for 2014 and 2015.

Interest rate swap - cash flow hedge

In 2014, Recall entered into an interest rate swap transaction with various banks swapping US$200.0 million of the floating rate bank loans with fixed rate. The fair value of this contract at the reporting date was US$(0.7) million.

The terms of the swap match the terms of the fixed rate bank loans for the amounts and durations being hedged. Since inception, the interest rate swap has been an effective hedging instrument.

Sensitivity analysis

The following table sets out the sensitivity of Recall's financial assets and financial liabilities to interest rate risk applying the following assumptions. Impact on profit after tax and equity assumes a parallel shift in the interest rates by the number of basis points included in the table on the next page.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

B) Market risk (continued)

	INTEREST RATE RISK			
	2015		2014	
	LOWER RATES	HIGHER RATES	LOWER RATES	HIGHER RATES
US dollar interest rates	**- 50 bps**	**+ 100 bps**	- 50 bps	+ 100 bps
Australian dollar interest rates	**- 50 bps**	**+ 100 bps**	- 50 bps	+ 100 bps
Sterling interest rates	**- 50 bps**	**+ 100 bps**	- 50 bps	+ 100 bps
Euro interest rates	**- 50 bps**	**+ 100 bps**	- 50 bps	+ 100 bps
	US$M	US$M	US$M	US$M
Impact on profit after tax[1]	**1.2**	**(2.5)**	1.2	(2.3)
Impact on equity	**(1.5)**	**2.9**	(1.3)	2.6

1 Assumes tax at standard Australian rate of 30%.

Foreign exchange risk

Exposure to foreign exchange risk arises from the global nature of Recall's business and its capital structure. It is also inherent in the financial instruments that are denominated in a currency other than the functional currency in which they are measured. For the purposes of AASB 7 Financial Instruments: Disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency and accordingly, these items are not included in the currency profile table below.

Recall currently does not have any hedging instruments pertaining to its consolidated foreign exchange exposure. As at 30 June 2015, Recall entered into 3 separate forward contracts to hedge its exposure to intercompany loans denominated in Thai Baht and Brazil Real. The fair value of these contracts at the reporting date is not material.

Currency profile

The following table sets out the currency mix profile of Recall's financial instruments at reporting date:

	US DOLLAR US$M	STERLING US$M	TOTAL US$M
2015			
Financial assets			
- trade receivables	**0.8**	**–**	**0.8**
- cash at bank and in hand	**–**	**3.6**	**3.6**
	0.8	**3.6**	**4.4**
Financial liabilities			
- trade payables	**0.5**	**0.1**	**0.6**
- finance lease liabilities	**1.3**	**–**	**1.3**
	1.8	**0.1**	**1.9**

	US DOLLAR US$M	STERLING US$M	TOTAL US$M
2014			
Financial assets			
- trade receivables	0.5	–	0.5
- cash at bank and in hand	0.4	–	0.4
	0.9	–	0.9
Financial liabilities			
- trade payables	0.7	–	0.7
- bank loans	–	15.3	15.3
	0.7	15.3	16.0

Sensitivity analysis

The following table sets out the sensitivity of Recall's financial assets and financial liabilities to foreign exchange risk. For the purposes of disclosing this analysis, exposure relating to the translation of the financial statements of the controlled entities into the presentation currency is not considered. The analysis also assumes that all other variables are held constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

	FOREIGN EXCHANGE RISK			
	2015		2014	
	LOWER RATES	HIGHER RATES	LOWER RATES	HIGHER RATES
Exchange rate movement	**-10%**	**+10%**	-10%	+10%
	US$M	**US$M**	US$M	US$M
Impact on profit after tax[1]	**0.2**	**(0.2)**	1.0	(1.0)

1 Assumes tax at standard Australian rate of 30%.

C) Liquidity risk

Recall's objective is to provide adequate liquidity to support the financial needs of its ongoing operations as well as investments in growth and productivity. Recall funds its operations and investing activities through operating cash flows, cash on hand and a revolving credit facility.

Existing bank credit facilities are structured on a committed multi-currency revolving basis and, at the balance sheet date, had maturities ranging out to 2019 (2014: ranging out to 2018). Borrowings under the bank credit facilities are floating-rate, unsecured obligations with covenants and terms typical for a multi-national borrower. Recall also has access to further funding through uncommitted and standby lines of credit for daily liquidity. Refer to Note 23 for borrowing facility disclosures.

Maturities of derivative financial assets and liabilities

The maturity of Recall's contractual cash flows on net and gross settled derivative financial instruments, based on the remaining period to contractual maturity date, is presented below. Cash flows on interest rate swaps are valued based on forward interest rates applicable at reporting date.

	YEAR 1 US$M	YEAR 2 US$M	YEAR 3 US$M	YEAR 4 US$M	YEAR 5 US$M	TOTAL CONTRACTUAL CASH FLOWS US$M	CARRYING AMOUNT ASSETS/ (LIABILITIES) US$M
2015							
Net settled							
Interest rate swaps							
- cash flow hedges	**–**	**(0.7)**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
	–	**(0.7)**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
2014							
Net settled							
Interest rate swaps							
- cash flow hedges	–	–	(0.7)	–	–	(0.7)	(0.7)
	–	–	(0.7)	–	–	(0.7)	(0.7)

Maturities of non-derivative financial liabilities

The maturity of Recall's contractual cash flows on non-derivative financial liabilities, based on the remaining period to contractual maturity date, for principal and interest, is presented below. Refer to Note 23B for borrowing facilities maturity profile.

	YEAR 1 US$M	YEAR 2 US$M	YEAR 3 US$M	YEAR 4 US$M	YEAR 5 US$M	TOTAL CONTRACTUAL CASH FLOWS US$M	CARRYING AMOUNT US$M
2015							
Non-derivative financial liabilities							
Trade payables	**36.3**	**–**	**–**	**–**	**–**	**36.3**	**36.3**
Bank overdrafts	**15.9**	**–**	**–**	**–**	**–**	**15.9**	**15.9**
Bank loans	**16.2**	**14.7**	**14.7**	**14.7**	**624.2**	**684.5**	**619.3**
Finance lease liabilities	**4.4**	**3.7**	**2.9**	**1.7**	**0.6**	**13.3**	**13.3**
	72.8	**18.4**	**17.6**	**16.4**	**624.8**	**750.0**	**684.8**
2014							
Non-derivative financial liabilities							
Trade payables	44.6	–	–	–	–	44.6	44.6
Bank loans	18.5	18.5	399.5	5.6	171.7	613.8	552.2
	63.1	18.5	399.5	5.6	171.7	658.4	596.8

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

D) Credit risk exposure

Recall is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments as set out in Note 29A. There is no significant concentration of credit risk.

Recall trades only with recognised, creditworthy third parties. Collateral is generally not obtained from customers.

Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Credit limits are set for individual customers and approved by credit managers in accordance with an approved authority matrix. These credit limits are regularly monitored and revised based on historic turnover activity and credit performance. In addition, overdue receivable balances are monitored and actioned on a regular basis.

E) Capital risk management

Recall's capital is structured to support long-term strategic plans to drive shareholder value creation through investments in growth and productivity while maintaining a prudent level of financial leverage. It is based on a targeted return to shareholders within a range of debt outstanding, as measured primarily by the ratio of net debt to EBITDA. In determining its capital structure, Recall considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital and ease of access to funding sources.

Initiatives available to Recall to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying-back share capital, issuing new shares, selling assets to reduce debt and varying the maturity profile of its borrowings.

Recall considers its capital to comprise:

	2015 US$M	2014 US$M
Total borrowings	**648.5**	552.2
Less: cash and cash equivalents	**(88.5)**	(72.1)
Net debt	**560.0**	480.1
Total equity	**549.2**	599.4
Total capital	**1,109.2**	1,079.5

Under the terms of its bank loan facility established in 2014, Recall is required to comply with the following financial covenants:

- the ratio of net debt to pro-forma EBITDA must be less than 3.5 to 1; and
- the ratio of pro-forma EBITDA to pro-forma net financing costs must be not less than 3.5 to 1.

Additional requirements include the coverage of EBITDA and assets by certain guarantor subsidiaries.

Recall has complied with these financial covenants.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 30. CASH FLOW STATEMENT – ADDITIONAL INFORMATION

A) Reconciliation of cash

	2015 US$M	2014 US$M
For the purpose of the cash flow statement, cash comprises:		
Cash at bank and in hand (Note 13)	**88.5**	72.1
	88.5	72.1
Bank overdraft (Note 23)	**(15.9)**	–
Cash and deposits, net of overdrafts	**72.6**	72.1

B) Reconciliation of profit after tax to net cash flows from operating activities

	2015 US$M	2014 US$M
Profit after tax	**65.0**	42.0
Adjustments for:		
- depreciation and amortisation	**69.8**	47.1
- tax expense	**20.1**	20.3
- net finance costs	**21.6**	12.3
- net loss on disposal of property, plant and equipment	**0.1**	0.2
- write-off of assets	**5.2**	8.1
- equity-settled share-based payments	**9.1**	2.6
- gain on sale of business	**(2.1)**	–
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- change in trade and other receivables	**(7.1)**	(22.0)
- change in prepayments	**(9.2)**	3.5
- change in inventories	**0.1**	(0.4)
- change in trade and other payables	**1.4**	21.0
- change in deferred taxes and tax payable	**(0.1)**	(2.7)
- change in provisions	**5.0**	19.1
Cash generated from operations	**178.9**	151.1
Interest and other finance costs paid	**(22.5)**	(15.1)
Interest received	**0.5**	0.5
Taxes paid, net of refunds	**(29.6)**	(22.7)
Net cash inflow from operating activities	**127.3**	113.8

C) Non-cash financing or investing activities

There were no financing or investing transactions during 2015 and 2014 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 FINANCIAL STATEMENTS (CONT.)

NOTE 31. COMMITMENTS

A) Capital expenditure commitments

Capital expenditure contracted for but not recognised as liabilities at reporting date were as follows:

	2015 US$M	2014 US$M
Within one year	**9.9**	10.3
Between one and five years	**1.3**	1.1
	11.2	11.4

These commitments principally relate to property, plant and equipment.

B) Operating lease commitments

Recall has entered into operating lease agreements for offices, operational locations and plant and equipment. The leases have varying terms, escalation clauses and renewal rights. Escalation clauses are rare and any impact is considered immaterial.

The future minimum lease payments under such non-cancellable operating leases are as follows:

	OCCUPANCY		PLANT	
	2015 US$M	2014 US$M	2015 US$M	2014 US$M
Within one year	**96.7**	106.7	**8.3**	15.5
Between one and five years	**260.4**	303.4	**10.0**	20.4
After five years	**159.1**	175.0	**–**	0.5
Minimum lease payments	**516.2**	585.1	**18.3**	36.4

During the year, operating lease expense of US$112.7 million (2014: US$80.0 million) was recognised in the income statement.

C) Finance lease commitments

There were no material finance lease commitments as at 30 June 2015 and 30 June 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 32. CONTINGENCIES

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$39.8 million (2014: US$45.0 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 Recall having to relocate operations to a new facility. Consequently, Recall has and will continue to incur costs associated with the incident. Following this incident, a 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 or demands by third parties, 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 (refer to Note 38). 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 financial 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.

g) On 31 January 2015, an information centre in Brooklyn, New York that Recall acquired as part of the 2014 CitiStorage acquisition suffered significant fire damage and was a total loss. Recall is cooperating with the local NY fire authorities to determine the cause. Approximately 1200 customers were impacted by the loss, with numerous customers and third parties advising Recall or our insurers of claims or potential claims. Recall is managing these claims but expects to be named in litigation arising from the fire (and may bring its own claim against the City of New York for the actions of the responding fire brigade which may have contributed to the loss). At this time, it is not possible to determine when all these matters will be resolved. However, Recall expects its applicable insurance policies to cover all material damages, claims and settlements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 33. AUDITOR'S REMUNERATION

	2015 US$'000	2014 US$'000
Amounts received or due and receivable by PwC (Australia) for:		
Audit services in Australia:		
- audit and review of financial reports	**523**	538
- other assurance services	**49**	29
	572	567
Total remuneration of PwC (Australia)	**572**	567
Amounts received or due and receivable by related practices of PwC (Australia) for:		
Audit services outside Australia:		
- audit and review of financial reports	**718**	794
- other assurance services	**46**	67
	764	861
Other services:		
- tax advisory services	**6**	5
	6	5
Total remuneration of related practices of PwC (Australia)	**770**	866
Total auditor's remuneration	**1,342**	1,433

From time to time, Recall employs PwC on assignments additional to their statutory audit duties where PwC, through their detailed knowledge of the Group, are best placed to perform the services from an efficiency, effectiveness and cost perspective. The performance of such non-audit related services is always balanced with the fundamental objective of ensuring PwC's objectivity and independence as auditors. To ensure this balance, Recall's Charter of Audit Independence requires that the Audit Committee approve any management recommendation that PwC undertake non-audit work (with approval being delegated to the Chief Financial Officer within specified monetary limits).

NOTE 34. KEY MANAGEMENT PERSONNEL

A) Key management personnel compensation

	2015 US$'000	2014 US$'000
Short term employee benefits	**5,613**	4,577
Post employment benefits	**332**	329
Other benefits	**21**	874
Share-based payment expense	**4,281**	3,374
	10,247	9,154

B) Other transactions with key management personnel

Other transactions with key management personnel are set out in Note 35C.

Further remuneration disclosures are set out in the Remuneration Report on pages 33 to 53 of the Annual Report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 35. RELATED PARTY INFORMATION

A) Recall

Recall comprises Recall Holdings Limited and the entities controlled during the year (refer to Note 35D for details).

Borrowings under the syndicated credit facility are undertaken by a limited number of Recall subsidiaries. Funding of other subsidiaries is by way of inter-company loans, all of which are documented and carry arms-length interest rates applicable to the currency and terms of the loans.

Dividends are declared within the Group only as required for funding or other commercial reasons.

Brambles had cost sharing agreements in place to ensure that relevant costs are taken up by the entities receiving the benefits. Similarly, the Company also has cost sharing agreements in place with Recall businesses to ensure that relevant costs are taken up by the entities receiving the benefits. The costs charged by Brambles and Recall HQ to Recall under these cost sharing arrangements (in case of Recall HQ, until the date of demerger) were US$ nil (2014: US$5.6 million). Subsequent to the demerger, Recall continues to provide DMS and other services to Brambles on arms-length basis.

Other than the transactions referred to above with Brambles and Recall HQ, all amounts receivable and payable by entities within Recall and any interest thereon are eliminated on consolidation.

B) Joint ventures

Recall's share of the net results of joint ventures is disclosed in Note 18.

C) Other transactions

Other transactions entered into during the year with Directors of Recall Holdings Limited; with Director-related entities; with key management personnel (KMP, as set out in the Directors' Report); or with KMP-related entities were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses. Any other transactions were trivial or domestic in nature.

D) Material subsidiaries

The principal subsidiaries of Recall Holdings Limited are as below:

NAME	PLACE OF INCORPORATION	% INTEREST HELD AT REPORTING DATE 2015	2014
Recall Information Management Pty Limited (previously Ausdoc Information Management Pty Limited)	Australia	100	100
Recall New Zealand Limited	New Zealand	100	100
Mobilshred Inc.	Canada	100	100
Recall Secure Destruction Services Inc.	USA	100	100
Recall Total Information Management Inc.	USA	100	100
Recall do Brasil Ltda	Brazil	100	100
Recall Limited	UK	100	100
Recall France SA	France	100	100
Recall Total Information Management Pte Ltd (previously Cisco Recall Total Information Management Pte Ltd)	Singapore	100	100
Recall Information Management SA	Spain	100	100
Recall Sweden AB	Sweden	100	100
CitiStorage LLC	USA	100	100
Business Records Management LLC (acquired in December 2014)	USA	100	–

In addition to the above, there are a number of dormant or non-material subsidiaries within Recall.

Investments in subsidiaries are primarily by means of ordinary or common shares. All material subsidiaries prepare accounts with a 30 June balance sheet date.

E) Directors' indemnities

Section 20 of the Company's Constitution provides that, to the extent permitted by law, the Company may indemnify any current or former director or Secretary or officer or senior manager of the Company or a subsidiary out of the property of the Company against:

a) any liability incurred by the person in that capacity (except a liability for legal costs);

b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy,

except to the extent that:

d) the Company is forbidden by law to indemnify the person against the liability or legal costs; or

e) an indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

Each Director has entered a Deed of Indemnity, Insurance and Access under which the Company indemnifies each Director on a full indemnity basis and to the extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or a related body corporate, including for disclosures made in the Demerger Scheme Book.

The Company has paid a premium in respect of an insurance policy that covers Directors and officers of Recall against liabilities arising out of the conduct of the business of Recall. The insurance premium paid has not been disclosed due to the confidentiality undertakings in the insurance policy.

NOTE 36. EVENTS AFTER BALANCE SHEET DATE

Other than those outlined in the Directors' Report or elsewhere in these financial statements, there have been no other events that have occurred subsequent to 30 June 2015 and up to the date of this report that have had a material impact on Recall's financial performance or position.

NOTE 37. PARENT ENTITY FINANCIAL INFORMATION

A) Summarised financial information

	PARENT ENTITY	
	2015 US$M	2014 US$M
Profit for the year	**35.2**	26.5
Other comprehensive (loss)/income for the year	**(104.7)**	6.2
Total comprehensive (loss)/income	**(69.5)**	32.7
Current assets	**5.4**	3.0
Non-current assets	**622.2**	761.7
Total assets	**627.6**	764.7
Current liabilities	**149.8**	175.5
Non-current liabilities	**–**	1.1
Total liabilities	**149.8**	176.6
Net assets	**477.8**	588.1
Contributed equity	**548.7**	545.7
Foreign currency translation reserve	**(105.8)**	(1.1)
Retained earnings	**34.9**	43.5
Total equity	**477.8**	588.1

B) Guarantees and contingent liabilities

During 2014, the parent entity (Recall Holdings Limited) entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details are disclosed in Note 38.

Other than the above, the parent entity did not have any material guarantees and contingent liabilities at 30 June 2015 or 30 June 2014.

C) Contractual commitments

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2015 or 30 June 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 38. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries of the Company (as listed below) are relieved from the Act requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a deed of cross guarantee (the Deed). The Deed was entered into on 6 May 2014. 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 Act. If a winding up occurs under the 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 that the Company is wound up.

The subsidiaries subject to the Deed are:

- Recall Holdings Limited;
- Ausdoc Holdings Pty Limited;
- Ausdoc Group Pty Limited;
- Recall Overseas Holdings Pty Limited;
- Recall Information Management Pty Limited;
- Data Security Services Pty Limited;
- Kestrel Information Management Pty Limited;
- Recall International Pty Limited; and
- Recall Technology Pty Limited.

A consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet of the Company and its wholly-owned subsidiaries which are party to the Deed (the Deed Group), after eliminating all transactions between parties to the Deed for the year ended 30 June 2015 and 30 June 2014 are set out below. For the year ended 30 June 2014, notwithstanding the Deed being entered into on 6 May 2014, the consolidated income statement of the Deed Group is presented for the period for which the wholly-owned subsidiaries were owned by the Company in 2014 to align with Recall's consolidated statutory results.

A) Income statement of the deed group

	2015 US$M	2014 US$M
Sales revenue	**158.4**	177.1
Operating expenses	**(143.9)**	(139.2)
Operating profit	**14.5**	37.9
Finance revenue	**36.1**	24.4
Finance costs	**(6.3)**	(3.7)
Net finance costs	**29.8**	20.7
Profit before tax	**44.3**	58.6
Tax expense	**(7.4)**	(12.4)
Profit after tax attributable to the members of the Company	**36.9**	46.2

B) Statement of comprehensive income of the deed group

	2015 US$M	2014 US$M
Profit for the year	**36.9**	46.2
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Foreign exchange differences on translation of financial statements	**(119.1)**	5.1
Cash flow hedges		
Income tax on items that may be reclassified to profit or loss		5.1
Other comprehensive (loss)/income for the year	**(119.1)**	5.1
Total comprehensive (loss)/income for the year	**(82.2)**	51.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

C) Balance sheet of the deed group

	2015 US$M	2014 US$M
ASSETS		
Current assets		
Cash and cash equivalents	**8.8**	7.2
Trade and other receivables	**23.1**	64.1
Inventories	**0.3**	0.4
Other assets	**1.0**	1.2
Total current assets	**33.2**	72.9
Non-current assets		
Investments	**541.2**	655.2
Property, plant and equipment	**42.8**	53.7
Goodwill	**119.1**	119.5
Intangible assets	**33.4**	37.0
Deferred tax asset	**4.9**	–
Total non-current assets	**741.4**	865.4
Total assets	**774.6**	938.3
LIABILITIES		
Current liabilities		
Trade and other payables	**100.5**	151.2
Borrowings	**13.0**	
Tax payable	**–**	3.4
Provisions	**11.8**	4.7
Total current liabilities	**125.3**	159.3
Non-current liabilities		
Provisions	**6.0**	5.1
Deferred tax liabilities	**–**	8.6
Other liabilities	**5.9**	8.3
Total non-current liabilities	**11.9**	22.0
Total liabilities	**137.2**	181.3
Net assets	**637.4**	757.0
EQUITY		
Contributed equity	**548.7**	545.7
Reserves	**(121.4)**	(5.7)
Retained earnings	**210.1**	217.0
Total equity	**637.4**	757.0

D) Statement of changes in retained earnings of the deed group

	2015 US$M	2014 US$M
Retained earnings at the beginning of the year	**217.0**	194.6
Dividends	**(43.8)**	(23.8)
Profit for the year	**36.9**	46.2
Retained earnings at the end of the year	**210.1**	217.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT.)

NOTE 39. NET ASSETS PER SHARE

		2015	2014
Based on number of shares as at 30 June	million	**313.7**	312.8
- Net tangible assets per share	US dollars	**(0.84)**	(0.51)
- Net assets per share	US dollars	**1.75**	1.92

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 the period-end.

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

DIRECTORS' DECLARATION

In the opinion of the Directors of Recall Holdings Limited:

a) the financial statements and notes set out on pages 61 to 102 are in accordance with the Corporations Act 2001, including:

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

   ii) giving a true and fair view of the financial position of Recall as at 30 June 2015 and of its performance for the year ended on that date; and

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

A statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board is included within Note 1 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 38 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 38.

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

Ian Blackburne
Chairman

Doug Pertz
Chief Executive Officer

19 August 2015

INDEPENDENT AUDITOR'S REPORT

to the members of Recall Holdings Limited

pwc

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Recall Holdings Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for Recall (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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INDEPENDENT AUDITOR'S REPORT (CONT.)

Auditor's opinion

In our opinion:

a) the financial report of Recall Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the remuneration report included in pages 33 to 53 of the Directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Recall Holdings Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Dow

Partner

Sydney

19 August 2015

SHAREHOLDER INFORMATION

ANALYSIS OF HOLDERS OF EQUITY SECURITIES AS AT 7 AUGUST 2015

Substantial shareholders

Recall has been notified of the following substantial shareholdings:

HOLDER	NUMBER OF ORDINARY	% OF ISSUED ORDINARY SHARE CAPITAL
Deccan Value Investors	41,420,713	13.24%
Cooper Investors Pty Limited	20,922,647	6.67%
Greencape Capital Pty Ltd.	19,076,330	6.08%
Owl Creek Asset Mgt LP	17,911,189	5.71%

Number of ordinary shares on issue and distribution of holdings

RANGE	HOLDERS	SECURITIES
1 to 1,000	35,286	9,329,806
1,001 to 5,000	6,314	14,629,751
5,001 to 10,000	567	3,989,636
10,001 to 100,000	269	5,941,828
100,001 and Over	42	279,850,825
Total	42,478	313,741,846

The number of members holding less than a marketable parcel of ordinary shares is 9,008 and they hold a total of 304,663 ordinary shares.

NAME	NUMBER OF ORDINARY SHARES	% OF ISSUED ORDINARY SHARE CAPITAL
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	79,541,441	25.35
J P MORGAN NOMINEES AUSTRALIA LIMITED	53,408,991	17.02
NATIONAL NOMINEES LIMITED	46,155,570	14.71
CITICORP NOMINEES PTY LIMITED	39,829,711	12.70
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	10,465,400	3.34
CITICORP NOMINEES PTY LIMITED	7,780,784	2.48
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,596,151	2.10
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	6,414,791	2.04
BNP PARIBAS NOMS PTY LTD	4,527,880	1.44
WOODROSS NOMINEES PTY LTD	2,339,436	0.75
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,234,706	0.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,185,727	0.70
WARBONT NOMINEES PTY LTD	1,780,017	0.57
NATIONAL NOMINEES LIMITED	1,556,763	0.50
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,448,381	0.46
BNP PARIBAS NOMINEES PTY LTD	1,207,281	0.38
AET SFS PTY LTD	1,206,695	0.38
AMP LIFE LIMITED	1,154,280	0.37
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	1,000,000	0.32
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	837,020	0.27
Total	**271,671,025**	**86.59**

Voting rights: ordinary shares

Recall Holdings Limited's constitution provides that each member entitled to attend and vote may do so in person or by proxy, by attorney or, where the member is a body corporate, by representative.

On a show of hands, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on a resolution has one vote.

On a poll, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on the resolution, has one vote for each ordinary share held.

GLOSSARY

Actual currency/ actual FX	In the statutory financial statements, results are translated into US dollars at the actual monthly exchange rates applicable to each period being presented in the financial statements.
AGM	Annual General Meeting.
ASX	Australian Securities Exchange.
Average capital invested	Average capital invested or ACI is a 12 month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for accumulated pre-tax Significant Items and net equity adjustments for equity-settled share-based payments.
Board	The Board of Directors of Recall Holdings Limited.
Brambles	Brambles Limited (ACN 118 896 021).
CAGR	Compound annual growth rate. The CAGR of sales revenue is the annualised percentage at which sales revenue would have grown over a period if it grew at a steady rate.
Carton or E	Recall's metric for the physical holdings of its customers: standard carton equivalent (E) equals 1.2 cubic feet.
CGPR	The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Third Edition.
Company	Recall Holdings Limited (ACN 116 537 832).
Constant currency	Constant currency results are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.
Demerger	The demerger of Recall from Brambles effective on 18 December 2013.
Demerger costs	Costs incurred by Recall that relate to a range of activities associated with the demerger, including advisory fees, information technology separation costs, management retention costs, listing and administrative fees, expenses associated with the Recall syndicated facility financing and other one-time separation costs.
Discontinued operations	Operations which have been divested or which are held for sale.
DMS	Recall's document management solutions service offering.
DPS	Recall's data protection services offering.
DRP	Dividend reinvestment plan.
EBIT	Earnings before interest and taxation.
EBITDA	Earnings before interest, taxation, depreciation and amortisation. EBITDA is defined as operating profit from continuing operations after adding back depreciation and amortisation.
EPS	Earnings per share.
Facility Optimisation Program 1 and 2	Asset utilisation and cost improvement program announced to the ASX on 30 June 2014 and 22 June 2015 respectively.
Financial year	Recall's financial year is 1 July – 30 June.
Free cash flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.
FX	Foreign exchange.
FY	Financial year. For example, FY15 indicates the financial year ended 30 June 2015.
IFRS	International Financial Reporting Standards. Recall reports its financial results under Australian Accounting Standards, which are compliant with IFRS.
ISO	International Organisation for Standardisation.
Key management personnel (KMP)	Members of the Board of Recall Holdings Limited and certain other personnel with the authority and responsibility for planning, directing and controlling the activities of Recall, directly or indirectly.
KPI(s)	Key Performance Indicator(s).
LTI	Long Term Incentive.
Net organic carton growth	New cartons added from new and existing customers (adds); less cartons removed due to destruction or permout.
NPAT	Net profit after taxation.

GLOSSARY (CONT.)

OHS&E	Occupational Health Safety & Environment.
Operating profit	Operating profit is profit before finance costs and taxation, as shown in the statutory financial statements.
PAT	Profit after taxation.
Permouts	Cartons removed from facilities due to termination or expiration of customer agreement.
Pro forma adjustments	Due to the corporate restructuring leading up to the demerger, not all of Recall Holdings Limited's subsidiary companies as at 30 June 2014 were part of the statutory Recall group for the entire 2014 financial year. Pro forma adjustments include those adjustments necessary to correctly reflect revenues, costs and cash flow items for all entities within Recall as at 30 June 2014 as if they were part of the Recall group for the entirety of the 2014 financial year. Other pro forma adjustments include the inclusion of estimated full year standalone costs, the removal of Brambles corporate charges and demerger costs, other one-off or Significant Items.
Pro forma cash flow	Cash flows after Pro forma adjustments.
Pro forma EBIT	EBIT after Pro forma adjustments.
Pro forma EBITDA	EBITDA after Pro forma adjustments.
Pro forma operating profit	Operating profit after Pro forma adjustments.
Pro forma revenue	Revenue after Pro forma adjustments.
Pro forma Underlying Profit	Underlying Profit after Pro forma adjustments.
RCC	Recall's Risk & Control Committee.
REC	Recall's Executive Leadership Team. Details of which are on pages 16 and 17.
Recall or the Group	Collective name for the group comprising Recall Holdings Limited and its controlled entities.
RDS	Recall's digital services offering. This service offering is reported within the DMS service line.
RFID	Recall's US-patented Radio Frequency Identification Device.
ROCI	Return on capital invested or ROCI is calculated as Underlying Profit divided by Average capital invested.
Scheme book	The document distributed on 24 October 2013, which contained information about the proposed demerger of Recall Holdings Limited from Brambles Limited.
SDS	Recall's Secure Destruction Services offering.
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. demerger related costs, 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.
Standalone costs	Additional corporate operating costs over and above those historically incurred as a division of Brambles Limited. They include the costs of the standalone roles described below as well as ASX listing costs, Board costs, internal audit and other costs.
Standalone roles	Additional corporate operating personnel over and above those historically required as a division of Brambles Limited, such as accounting, tax, legal, treasury, insurance, investor relations and remuneration and benefits. They are needed to cover services previously provided by Brambles.
STI	Short Term Incentive.
Total net carton growth	New cartons added from new and existing customers (adds) and acquisitions; less cartons removed due to destruction or withdrawal (permouts).
TSR	Total Shareholder Return. TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified performance period.
Underlying EBITDA	Earnings before interest, taxation, depreciation and amortisation. EBITDA is defined as operating profit from continuing operations after adding back depreciation and amortisation and significant items outside the ordinary course of business.
Underlying Profit	Underlying Profit is profit from continuing operations before finance costs, taxation and Significant items.

CORPORATE DIRECTORY

CONTACT INFORMATION

Registered office

Recall's registered office is in Sydney, Australia:
Level 2, 170-180 Bourke Road
Alexandria NSW 2015
Australia

Telephone: +61 2 9582 0125
Facsimile: +61 2 8339 1480

ACN 116 537 832

Website: recall.com

Investor & analyst queries

investor.relations@recall.com

Auditors

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 1171

Annual general meeting

The 2015 AGM will be held at 10:00am on 9 November 2015 at The Mint, 10 Macquarie Street, Sydney.

2015 Corporate Governance Statement

The 2015 Corporate Governance Statement can be found on Recall's website:
www.recall.com/companyinformation/corporategovernance

Calendar 2016

Announcement of interim results — mid February 2016
Interim dividend — mid April 2016
Announcement of final results — mid August 2016
Final dividend — mid October 2016

On market buy back

There is no current on market buy back.

Share registry

Online access to shareholding information is available to investors through the Link Market Services website.

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia

Locked Bag A14
Sydney South NSW 1235
Australia

Telephone: +61 1800 209 118
Facsimile: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

Australian Securities Exchange Listing

The Company's ordinary shares are quoted on ASX under the ASX code "REC".

Dividends

The Company will pay dividends in Australian dollars by direct credit to shareholders accounts (except for shareholders who are not resident in Australia who may receive a cheque).

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