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16 February 2009

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

Via electronic lodgement

Dear Sir

Brambles delivers revenue growth despite challenging conditions

Major initiatives announced to underpin future performance

Attached is a release to the Exchange and media from Brambles Limited on its financial report for the half-year ended 31 December 2008.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Brambles

16 February 2009 **ASX & Media Release**

Brambles delivers revenue growth despite challenging conditions

Major initiatives announced to underpin future performance

Brambles today reported its interim profit result for the Group for the six months ended 31 December 2008.

Sales revenue from continuing operations was US$2.073 billion, up 4% in constant currency, a good result in challenging global trading conditions. Underlying profit[1] was US$469.3 million, in line with last year in constant currency terms, with Group Underlying profit margin of 23%. After the impact of Significant items of US$131.7 million before tax, Statutory operating profit was down 31% to US$337.6 million[2]. Cash flow from operations was US$220.8 million, down US$44.9 million after allowing for US$54.7 million in Significant items. Brambles' balance sheet continues to be strong with prudent levels of unutilised debt facilities.

The Directors have declared an interim dividend of 17.5 Australian cents per share[3], up 3% on the 2008 interim dividend of 17.0 cents per share and in line with the 2008 final dividend. In addition, a Dividend Reinvestment Plan has been introduced and will commence with the interim dividend at a price discount of 2.5%[4].

The Chief Executive Officer of Brambles, Mike Ihlein said: "Brambles has performed well, delivering good sales revenue growth despite the tough economic conditions and has maintained Underlying profit in line with prior year. The performance demonstrates the strength of the CHEP and Recall business models. It is particularly encouraging that we continue to win new business across all parts of the world.

"Our customer wins and strong new business pipeline provide a solid foundation for the long term health of our business, and will position us well as key customers and economies move out of recession and return to growth. In the meantime we are generating solid operating cash flow and continuing to take active steps to control discretionary costs and capital expenditure to maintain a prudent financial position.

"Brambles is, of course, not immune to the dramatic slowdown in key markets and our results reflect this. Consequently, it is important we take decisive actions now to underpin our future performance. We are, therefore, implementing a number of major initiatives to improve our cost structure and meet our customers' requirements," Mr Ihlein added.

The major initiatives are as follows:

- Accelerated scrapping of seven million pallets in the USA (recovering good usable timber) in order to eliminate excess pallets arising from the rapid and deep economic downturn. This initiative results in a charge in 1H09 of US$99.0 million (before tax) (US$37.4 million non-cash) and will enable CHEP USA to avoid significantly higher operating costs over the next few years.

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[1] Brambles has introduced 'Underlying profit' as a simplified non-statutory profit measure to replace the use of 'Comparable operating profit', commencing with this interim report. Underlying profit is profit from continuing operations before finance costs, tax and Significant items. Refer to 'Profit result presentation' on page 15 of this announcement for further information.
[2] Underlying profit after finance costs and tax was US$270.5 million, while Statutory profit from continuing operations was US$195.3 million (with the difference being Significant items after tax – refer to Table 2, page 5)
[3] 2009 interim dividend is payable on 9 April 2009, with a record date of 19 March 2009
[4] Refer to page 15 for further details

- Rationalisation of a number of facilities and operations across the globe to ensure an optimal structure to support the business, expected to result in a reduction of approximately 750 people across Brambles over the next 12 months at an estimated total cost of US$60–70 million (before tax) over FY09 and FY10. Annualised savings of US$40–50 million (before tax) are expected once fully implemented.

- Increasing the investment in the two year pallet quality program in CHEP USA by a further US$60 million to a total of US$160 million following positive customer responses. By the time this program concludes in December 2009, Brambles will have undertaken a major review to determine the optimal range of service offerings, pallet platforms, pallet quality, service centre network and cost and pricing structures for CHEP USA for the medium to long term.

Outlook

At the Brambles Annual General Meeting (AGM) in November 2008, the Company provided a trading update noting deterioration in trading conditions and that Comparable operating profit (constant currency) for the 2009 financial year was expected to be in line with the 2008 year, assuming no further deterioration in market conditions.

Since the AGM there has been a further sharp deterioration in trading conditions around the globe impacting our businesses, especially in the USA and Europe. The current challenging and volatile trading environment is expected to continue for some time and this makes it difficult to provide outlook guidance with confidence.

However, Brambles has strong underlying business models in both CHEP and Recall. Continuing business wins and the major initiatives announced today are positioning the Company to manage effectively through these difficult times and underpin the future performance of the business. Importantly, the balance sheet is in good shape and the Company will continue to review market conditions closely and be prepared to respond quickly to any changes in those conditions.

For further information please contact:

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Brambles is globally headquartered in Australia

Further details for this 2009 interim result are set out in the following pages and in the Appendix 4D.

There will be a management briefing on this result to investment analysts in Sydney at 11.00am on 16 February 2009. The briefing will be webcast on the Brambles website, www.brambles.com. All presentation materials will be posted to the website prior to the presentation. A replay of the webcast including questions and answers will be available shortly after the conclusion of the live presentation.

Copies of the 2009 interim results have also been forwarded to the Financial Services Authority and will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility. For further details, please refer to www.fsa.gov.uk.

For further information on Brambles and all company announcements, presentations and webcasts, please visit the company website www.brambles.com.

Overview 1H09 - Continuing operations

- **Group sales revenue** US$2.073 billion, up 4% in constant currency terms (down 2% actual currency) due to new business wins and price/mix gains offsetting decline in core volume due to sharply slowing economic conditions worldwide

- **Underlying profit** US$469.3 million, in line with 1H08 in constant currency (down 6% actual currency). **Underlying profit after finance costs and tax** US$270.5 million, down 3% in constant currency (down 8% actual currency)

- **Earnings per share (EPS)** on Underlying profit after finance costs and tax down 6% to 19.5 US cents.

- **Cash flow from operations** US$220.8 million, down US$44.9 million reflecting strong cash flow in CHEP EMEA driven by both lower capital expenditure and good working capital management, offset by investment in RPCs in Australia and lower cash flow in the USA due to US$54.7 million of Significant items (refer to Table 9, page 13)

- Strong balance sheet with prudent level of debt facilities unutilised. **Recently renewed US$1 billion of debt facilities** for predominantly five year terms

- **Significant items (total US$131.7 million before tax):**
    - **Foreign exchange gain** of US$29.9 million on repatriation of capital from foreign subsidiary
    - **Restructuring costs** of US$106.9 million comprising accelerated scrapping of seven million excess pallets and associated recovery of lumber in USA (US$99.0 million), and rationalisation of facilities and operations (US$7.9 million)
    - **USA pallet quality program costs** of US$34.5 million
    - **Net transition impact from changed Walmart logistics arrangements** in USA US$20.2 million

- After Significant items totalling US$131.7 million before tax, **Statutory operating profit** down 31% to US$337.6 million. **Profit after tax from continuing operations** down 33% to US$195.3 million

Business unit performance:

- **CHEP Americas** sales revenue US$792.5 million, up 4% in constant currency (up 2% actual currency), mainly due to net new business wins and favourable mix and price in USA, offsetting impact of core volume decline. Underlying profit US$233.3 million, up 5% in constant currency (up 2% actual currency) as a result of improved revenues, and overheads held at last year levels despite the absorption of LeanLogistics costs. Significant items of US$153.7 million have, however, impacted Statutory operating profit

- **CHEP Europe, Middle East & Africa (EMEA)** sales revenue US$761.0 million, up 3% in constant currency (down 4% actual currency) mainly due to net new business wins. Favourable price and mix offset the impact of core volume decline, including a significant downturn in automotive. Underlying profit US$170.9 million, down 3% constant currency (down 10% actual currency) due to higher transport costs (mainly due to pallet relocations), a significant decline in automotive, the costs of implementing a new sales structure in Europe and investment in SAP software in South Africa

- **CHEP Asia-Pacific** sales revenue US$166.6 million, up 1% in constant currency (down 10% actual currency). Underlying profit US$28.9 million, down 25% in constant currency (down 37% actual currency) principally reflecting continued investments in China and India, a significant decline in Australian automotive and service centre implementation costs

- **Recall** sales revenue US$353.1 million, up 4% in constant currency (down 1% actual currency). Underlying profit US$50.5 million, up 3% in constant currency (down 3% actual currency) due to solid growth across all regions despite decline in Secure Destruction Services revenue from lower paper prices and volumes coupled with successful implementation of turnaround initiatives in North America to improve cost efficiency and promote business excellence

- **Interim dividend of 17.5 Australian cents per share,** up 3% on last year's interim

- **Dividend Reinvestment Plan** introduced for the 2009 interim dividend at a price discount of 2.5%

Table 1
Sales revenue and Underlying profit

US$ million	1H09 actual	1H09 at prior year fx rates	1H08 actual	% change (actual fx rates)	% change (constant currency)
Sales revenue					
CHEP Americas	792.5	810.4	776.4	2	4
CHEP EMEA	761.0	815.1	790.8	(4)	3
CHEP Asia-Pacific	166.6	188.0	185.3	(10)	1
Total CHEP	**1,720.1**	**1,813.5**	**1,752.5**	**(2)**	**3**
Recall	353.1	372.3	357.7	(1)	4
Total sales revenue	**2,073.2**	**2,185.8**	**2,110.2**	**(2)**	**4**
Underlying profit					
CHEP Americas	233.3	240.0	227.7	2	5
CHEP EMEA	170.9	183.4	189.8	(10)	(3)
CHEP Asia-Pacific	28.9	34.1	45.6	(37)	(25)
Total CHEP	**433.1**	**457.5**	**463.1**	**(6)**	**(1)**
Recall	50.5	53.8	52.2	(3)	3
Brambles HQ	(14.3)	(15.1)	(18.0)	21	16
Underlying profit	**469.3**	**496.2**	**497.3**	**(6)**	**-**
Net finance costs	(63.7)	(68.2)	(70.9)	10	4
Underlying profit before tax	**405.6**	**428.0**	**426.4**	**(5)**	**-**
Tax expense on Underlying profit	(135.1)	(142.6)	(132.6)	(2)	(8)
Underlying profit after finance costs and tax	**270.5**	**285.4**	**293.8**	**(8)**	**(3)**

Table 2 Reconciliation of Underlying profit to Statutory operating profit				
US$ million	**1H09**		**1H08**	
	Before finance & tax	**After-tax**	**Before finance & tax**	**After-tax**
Underlying profit (from Table 1)	**469.3**	**270.5**	**497.3**	**293.8**
FX gain on capital repatriation from foreign subsidiary	29.9	29.9	-	-
Restructuring including accelerated scrapping of 7 million surplus pallets in USA	(106.9)	(66.0)	-	-
USA pallet quality program	(34.5)	(21.0)	-	-
Walmart net transition impact	(20.2)	(12.4)	-	-
Other	-	(5.7)	(6.6)	(1.9)
Operating profit (see Table 3)	**337.6**	**195.3**	**490.7**	**291.9**

Table 3 Statutory profit			
US$ million	**1H09**	**1H08**	**% Change**
Statutory profit			
CHEP Americas	79.6	227.7	(65)
CHEP EMEA	166.2	189.8	(12)
CHEP Asia-Pacific	28.4	45.6	(38)
Total CHEP	**274.2**	**463.1**	**(41)**
Recall	49.5	52.2	**(5)**
Brambles HQ	13.9	(24.6)	**157**
Operating profit	**337.6**	**490.7**	**(31)**
Net finance costs	(63.7)	(70.9)	10
Profit before tax	**273.9**	**419.8**	**(35)**
Tax expense	(78.6)	(127.9)	**39**
Profit from continuing operations	**195.3**	**291.9**	**(33)**
Profit from discontinued operations	17.5	1.8	
Profit for the period	**212.8**	**293.7**	**(28)**
Weighted average number of shares (millions)	**1,383.8**	**1,417.1**	
EPS from continuing operations on Underlying profit after finance costs and tax (US cents)	**19.5**	**20.7**	**(6)**
EPS (US cents)	**15.4**	**20.7**	**(26)**
Interim dividend (Australian cents per share)	**17.5**	**17.0**	**3**

Brambles

Business Unit Operations Review

CHEP Americas

Table 4
CHEP Americas

US$ million	1H09	1H08	% change (actual fx rates)	% change (constant currency)
Sales revenue	792.5	776.4	2	4
Underlying profit*	233.3	227.7	2	5
Underlying profit margin	29%	29%	-	1pp
Statutory profit	79.6	227.7	(65)	
Cash flow from operations	116.9	175.2		

* The difference between Underlying profit and Statutory profit is Significant items for CHEP USA of US$153.7 million: Accelerated pallet scrapping (US$99.0 million); Pallet quality program (US$34.5 million); and Walmart net transition impact (US$20.2 million)

CHEP Americas reported improved sales revenue and Underlying profit growth despite challenging economic conditions across all sectors, including the Fast Moving Consumer Goods (FMCG) sector in the USA.

Sales revenue was US$792.5 million, up 4% in constant currency (up 2% actual currency) with pallet volumes up 1%. Underlying profit was US$233.3 million, up 5% constant currency (up 2% actual currency), primarily due to improved revenues and flat overheads (despite absorption of LeanLogistics costs). Underlying profit margin was maintained at 29%.

CHEP Americas underlying transport costs were broadly in line with 1H08, with efficiency initiatives and fuel surcharge offsetting higher fuel costs. Plant costs (excluding the impact of Significant items) increased marginally, mainly due to higher material costs.

CHEP Americas cash flow from operations declined during the half, primarily due to US$54.7 million of Significant items expenditure related to the pallet quality program and Walmart transition arrangements.

CHEP USA pallet issue volumes were in line with 1H08, with net new business wins and price/mix outweighing a 4% decline in core volume due to the economic turndown.

CHEP USA continued to win new business[5] across its key target segments such as food service, home improvement, office supplies and beverages. Wins included Sunshine Mills (pet foods), Scotts (garden products) and a prepared foods division of Nestlé. During the half CHEP Americas won new business with estimated annualised sales of US$30 million. The 1H09 sales revenue impact of net new business was approximately US$20 million.

[5] New business wins includes new business won in the current financial period, wins from the prior year carried forward for twelve months and lane expansion (new locations or business operations with existing customers). Net new wins is wins less losses

During the half, CHEP USA also incurred the following charges as Significant items:

- US$34.5 million as part of its pallet quality program. (refer to page 11 for further comment on this initiative.)
- US$20.2 million due to the Walmart transition arrangements, which continue to be on track. (refer to page 11 for further comment on this initiative.)
- US$99.0 million for the accelerated scrapping of seven million pallets. (refer to page 10 for further comment on this initiative.)

CHEP Canada grew sales revenue by 6% in constant currency on issue volume in line with last year. CHEP Latin America continued its strong growth trend with sales revenue up 11% in constant currency on higher issue volume as it continued to expand its customer base, grow its core business and win new lanes with existing customers. However, Underlying profit declined due to the addition of a new service centre and cost inflation in Brazil along with higher plant maintenance expenses in Mexico.

LeanLogistics commenced its first full year of ownership by Brambles with strong sales growth, but at a small Underlying loss due to investment in well advanced new service offerings. The company won a number of customers in its Managed Transport Services business.

CHEP EMEA

Table 5
CHEP EMEA

US$ million	**1H09**	**1H08**	**% change (actual fx rates)**	**% change (constant currency)**
Sales revenue	761.0	790.8	(4)	3
Underlying profit	170.9	189.8	(10)	(3)
Underlying profit margin	22%	24%	(2)pp	(1)pp
Statutory profit	166.2	189.8	(12)	
Cash flow from operations	137.1	57.4		

CHEP EMEA delivered a robust performance in a challenging trading environment, with an especially weak automotive sector. Sales revenue was US$761.0 million, up 3% in constant currency (down 4% in actual currency) mainly reflecting new business wins in Europe and strong revenue growth in South Africa. Price/mix offset core volume decline of 4% in Europe. Excluding automotive, CHEP EMEA sales revenue was up 4% in constant currency.

New business wins in Europe included German confectioner Haribo, UK DIY supplier Tarmac, and major European automotive parts supplier Inergy Automotive Systems. CHEP EMEA won new business with estimated annualised sales of US$50 million. The 1H09 sales impact of net new business exceeded US$20 million.

Transport costs for CHEP EMEA increased US$12 million mainly due to the relocation of B1210A pallets from the UK to continental Europe. Plant costs as a percentage of sales were maintained in line with last year with efficiencies offsetting higher material and labour costs.

Underlying Profit was down 3% in constant currency (down 10% in actual currency) at US$170.9 million due to higher transport costs in Europe, a significant decline in automotive and higher overheads for a new sales structure to support growth opportunities in Poland and Germany and investment in SAP software in South Africa.

CHEP Middle East & Africa sales increased by almost 20% in constant currency, primarily reflecting growth in South Africa.

Cash flow from operations improved strongly in the first half due to improved working capital management and significantly lower capital expenditure.

CHEP Asia-Pacific

Table 6
CHEP Asia-Pacific

US$ million	1H09	1H08	% change (actual fx rates)	% change (constant currency)
Sales revenue	166.6	185.3	(10)	1
Underlying profit	28.9	45.6	(37)	(25)
Underlying profit margin	17%	25%	(8)pp	(7)pp
Statutory profit	28.4	45.6	(38)	
Cash flow from operations	(22.8)	30.2		

Despite difficult market conditions in the Australian automotive sector, sales revenue was US$166.6 million, up 1% in constant currency terms (down 10% actual currency). Excluding automotive, CHEP Asia-Pacific sales revenue was up 3% in constant currency.

Australian pallet revenues continued to grow, more than offsetting the significant decline in automotive container sales. New Zealand and South East Asia continued to perform well. In line with expectations China and India combined incurred operating losses of US$9.5 million reflecting the start-up investment in these key markets. The China business now has nearly 200 customers, with recent customer wins including Kimberly-Clark, Beijing Wu-Mart and Cofco Northsea Oil & Grain. In India, key customers now include Hindustan Unilever, Pepsi, Procter & Gamble and Coca-Cola franchise bottler, Indo European Breweries Limited.

Underlying profit of US$28.9 million was down 25% in constant currency (down 37% actual currency), principally due to the costs of the start-up in the Indian market, a decline in Australian automotive, costs in Australia associated with the development of new service centres and a regional management structure to support future growth. The service centres will drive future operating efficiency in the core pallet business and support the rollout of the nationwide black reusable plastic crate (RPC) program, which commenced late January 2009.

Cash flow from operations was lower than the prior year due to the investment in new markets and the acquisition of RPCs. Combined capital expenditure for China and India was approximately US$12 million for the half.

Recall

Table 7 Recall				
US$ million	**1H09**	**1H08**	**% change (actual fx rates)**	**% change (constant currency)**
Sales revenue	353.1	357.7	(1)	4
Underlying profit	50.5	52.2	(3)	3
Underlying profit margin	14%	15%	(1)pp	(1)pp
Statutory profit	49.5	52.2	(5)	
Cash flow from operations	22.0	37.5		

Recall sales revenue was US$353.1 million, up 4% in constant currency (down 1% in actual currency) mainly due to a good performance in Document Management Services where carton volume grew 10% on last year. Underlying profit was US$50.5 million, up 3% constant currency (down 3% actual currency). Underlying profit margin declined slightly to 14% primarily due to investment in market segmentation research.

Recall delivered constant currency revenue growth across all regions. European sales revenue grew 9%, the Americas 1% and the Rest of the World up 4%. In addition, all regions achieved good Underlying profit growth, particularly North America, which is progressing well on its efficiency initiatives. IT and marketing expenditure increased during the half as the business invests for future growth.

The relationship with Bank of America continues to grow as they progress through their acquisition activity. New business wins continue to boost performance, led by growth in both digital and physical Document Management Solutions.

Nevertheless, the global economic downturn did have an impact during the period. The Secure Destruction Service (SDS) business declined due to increasing pressure on paper prices and lower activity, particularly in the Americas.

Cash flow from operations declined during the period with increased profit being offset by higher working capital.

Significant items

In response to the tough economic environment, Brambles is implementing a number of major initiatives to improve its cost structure, underpin future operating performance over the medium to long term and meet customer requirements.

During the half, Brambles had Significant items before tax of US$131.7 million as follows:

Foreign exchange gain on repatriation of capital: US$29.9 million (before and after tax)

As part of optimising the Group's funding, an European subsidiary repatriated capital to Australia. This resulted in the Brambles Group deriving a foreign exchange profit of US$29.9 million.

Restructuring CHEP USA - Accelerated scrapping of seven million excess pallets: US$99.0 million (before tax); Non-cash US$37.4 million

As a consequence of the dramatic and rapid slow down in the USA economy and the consequential impact on many of CHEP USA's customers, more pallets are being returned from the field as manufacturers and retailers de-stock. CHEP USA continues to have customer imports into the USA (mainly from Europe, Mexico and Central America) which also contribute additional pallets to the USA pool. There are also some contractual commitments to provide a limited number of certain customers' locations with new pallets.

The combination of these factors has resulted in excess pallets in the CHEP USA pool, driving additional storage and relocation costs and operational inefficiencies due to congestion in the plant network. As the economic environment is expected to remain subdued for some time, CHEP USA will be implementing a two year program to accelerate the scrapping of an additional seven million pallets which are currently excess to requirements. As part of this program, good quality lumber will be recovered from those pallets to be used in repairs, reducing the need to purchase new lumber in the future. The program should also contribute to an improvement in the overall quality of the total pool.

The impact of this plan is a Significant item charge in the first half of US$99.0 million (before tax) comprising an asset write down of US$33.6 million (net of the value of timber recovery) and provisions for costs of the scrapping program of US$65.4 million.

There will also be an active management of the current import program and the potential conversion of certain customers off new pallets. Together with the accelerated scrapping program, this will avoid significant storage and relocation costs in future years as well as delivering network operational efficiencies with the added benefit of lower levels of pallet purchases than would otherwise be the case.

Restructuring - Facilities and Operations rationalisation: US$7.9 million (before tax)

In response to the significant global economic slowdown, a number of Brambles businesses have implemented some limited business restructuring costing US$7.9 million (before tax). Given the continuation of the economic slowdown, further initiatives are planned to be undertaken involving the rationalisation of a number of facilities and operations around the globe.

These are expected to result in a reduction of approximately 750 people across Brambles over the next 12 months at an estimated total cost of US$60 - 70 million (before tax), the majority of which is expected to be accounted for in FY09. Annualised savings will be US$40 - 50 million (before tax) once fully implemented.

These programs will ensure an optimal cost structure with improved efficiency but one still capable of growing the business.

CHEP USA pallet quality program: US$34.5 million (before tax)

In February 2008, Brambles announced a two year program under which CHEP USA would invest over US$100 million in operational and capital initiatives focused on quality improvement and innovation. The program has been well received by customers and Brambles has decided to increase the size of the program from US$100 million to a total of US$160 million.

Expenditure on the CHEP USA pallet quality program was US$38.2 million during the half, comprising US$34.5 million in operational expenditure and US$3.7 million in capital expenditure.

Of the total US$160 million program, US$25 million was spent in FY08 and US$100 million (US$75 million operational expenditure; US$25 million capital) is now expected to be incurred in the current financial year. The remaining US$35 million, mainly operational expenditure, will be incurred in the six months to December 2009.

In parallel, CHEP USA will be engaging with customers to carry out a major review over the coming months. This will include a determination of the optimal range of service offerings, pallet platforms, pallet quality, service centre network and cost and pricing structures for CHEP USA over the medium to long term.

In undertaking this review, Brambles recognises that the current economic environment presents significant challenges to all participants in the supply chain but also opportunities. With CHEP USA's customer-focussed service model, strong customer relationships, highly penetrated service centre network and Brambles' strong balance sheet, we are well positioned to adapt to changing customer requirements. The review is scheduled to be completed by 31 December 2009.

CHEP USA - Walmart net transition impact: US$20.2 million (before tax)

In October 2008, CHEP USA reached agreement with Walmart in relation to CHEP's continued participation in Walmart's logistics network in the USA[6].

During the first half, CHEP USA had non-recurring transition costs of US$20.2 million (before tax) due to loss of whitewood revenue and net additional operational costs. The implementation plan is on track and the total transition impact for the 2009 financial year is not expected to exceed the original estimate of US$30 million (before tax).

[6] For further details, please refer to Brambles market announcement dated 9 October 2008

Additional Financial Information

Capital expenditure

Table 8 Capital expenditure on property, plant & equipment (accruals basis)			
US$ million	**1H09**	**1H08**	**Change**
CHEP Americas	156.7	160.1	3.4
CHEP EMEA	136.0	208.1	72.1
CHEP Asia-Pacific	62.9	41.6	(21.3)
Total CHEP	**355.6**	**409.8**	**54.2**
Recall	21.1	23.3	2.2
Brambles HQ	0.3	0.1	(0.2)
Total capital expenditure	**377.0**	**433.2**	**56.2**

Brambles capital expenditure was US$377.0 million, US$56.2 million lower than the prior comparable period with tighter management of capital expenditure programs as sales growth slowed sharply. Movements in foreign currency contributed US$24 million of the reduction.

In CHEP Americas capital expenditure only declined marginally, due to continuing capital expenditure on the USA pallet quality program (US$3.7 million), new pallets required for contractual commitments to certain customer locations, and imports.

CHEP EMEA was the principal contributor to lower capital expenditure – over 30% below last year - the majority of which was due to lower pallet expenditure in light of economic conditions.

CHEP Asia-Pacific increased capital expenditure includes the investment in establishing pallet pools in China and India. The US$62.9 million expenditure also includes a substantial investment in containers for an Australian RPC contract.

Total pallet capital expenditure was US$274 million in the period, a reduction of US$48 million on the prior period. The total pallet pool was 258 million pallets at the end of the period.

Recall capital expenditure includes an investment in a new UK information centre as the business continues to invest in new infrastructure to improve efficiency and deliver lower future costs.

Interest

Net finance costs reduced by US$7.2 million to US$63.7 million mainly as a result of lower base interest rates on variable rate debt.

Key financial coverage ratios remain well within borrowing covenants and reflect a prudent balance sheet.

Tax

The effective tax rate on Underlying profit for the six months was 33.3%, up from 31.1% in the first half of the 2008 financial year due to the 2008 result including the benefit of adjustments to deferred tax from lower statutory corporate tax rates in Europe.

The effective tax rate on statutory profit for the six months was 28.7%, down from 30.5% in the first half of the 2008 financial year primarily due to the non-tax effect of capital repatriations from an overseas subsidiary.

Cash flow

Table 9
Cash Flow

US$ million	1H09	1H08	Change
Continuing operations			
Underlying profit	469.3	497.3	(28.0)
Significant items within ordinary activities[7]	(54.7)	-	(54.7)
Depreciation & amortisation	212.8	222.6	(9.8)
EBITDA	**627.4**	**719.9**	**(92.5)**
Capital expenditure	(400.1)	(451.8)	51.7
Proceeds from disposals	41.2	65.1	(23.9)
Working capital movement	(65.5)	(75.0)	9.5
Irrecoverable pooling equipment provision	36.5	44.7	(8.2)
Provisions / Other	(18.7)	(37.2)	18.5
Cash flow from continuing operations	**220.8**	**265.7**	**(44.9)**
Significant items outside ordinary activities	(21.7)	(16.2)	(5.5)
Cash flow from operations	**199.1**	**249.5**	**(50.4)**
Financing costs and tax	(126.5)	(146.9)	20.4
Free cash flow	**72.6**	**102.6**	**(30.0)**

Brambles continues to generate solid operating cash flows. The reduction of US$44.9 million is primarily due to Significant items within ordinary activities in the period.

Despite the deteriorating economic conditions, tight working capital control continues across the business. Overall debtor days have reduced from 50 to 48 with some reduction in creditor days as well.

The reduction in operating cash flow of US$44.9 million has been partially mitigated by lower financing costs and tax.

[7] CHEP USA pallet quality program (US$34.5 million) and Walmart net transition impact (US$20.2 million)

Debt

Table 10
Net debt and key ratios

US$ million	1H09	FY08	Change
Current debt	50.6	91.5	40.9
Non-current debt	2,419.9	2,439.5	19.6
Gross debt	**2,470.5**	**2,531.0**	**60.5**
Less cash	(113.5)	(104.8)	8.7
Net debt	**2,357.0**	**2,426.2**	**69.2**
	1H09	**1H08**	**Change**
EBITDA	627.4	719.9	(92.5)
Net finance costs	63.7	70.9	7.2
Key ratios			
Net debt to EBITDA	1.9x	1.5x	(0.4)x
EBITDA interest cover	9.8x	10.2x	(0.4)x

Net debt at 31 December 2008 was US$2,357.0 million, down US$69.2 million from 30 June 2008 mainly due to the foreign exchange impact of non-US dollar denominated debt balances from the stronger US dollar. Overall net debt balances were higher in local currencies, although the mix of borrowing by currency changed. This was largely due to the capital repatriation from an European subsidiary to Australia.

During the past six months, the Company has refinanced US$1.0 billion of its debt facilities for predominantly five year maturities, leaving approximately US$1.5 billion to be refinanced by November 2010. The refinancing has been achieved in extremely difficult credit markets and the Company is confident it will achieve its remaining refinancing during the next twenty months.

As at 31 December 2008, Brambles had total committed facilities of US$3.3 billion, with approximately US$0.9 billion undrawn. The average term of the facilities has increased from 2.2 years at June 2008 to 2.9 years at December 2008.

Foreign exchange rates

The principal foreign exchange rates affecting Brambles were:

		US$:A$	US$:€	US$:£
Average	First half 2009	0.7759	1.4180	1.7166
	First half 2008	0.8719	1.4245	2.0358
Period end	31 December 2008	0.6923	1.4074	1.4526
	30 June 2008	0.9629	1.5793	1.9936

Brambles

Dividend

The Board has declared an interim dividend of 17.5 Australian cents per share payable on 9 April 2009.

The unfranked component of the interim dividend is conduit foreign income. Consequently no Australian dividend withholding tax is payable on the interim dividend paid to Brambles' non-resident shareholders.

2009 Dividend	Aust cents per share	% Franking	Ex dividend trading date	Record date	Payment date
Interim	17.5	10%	13 March 2009	19 March 2009	9 April 2009

Dividend reinvestment plan

Brambles has introduced a dividend reinvestment plan, which will commence with the interim dividend. The Board has set the price at which shares will be allotted under the plan for the interim dividend as the arithmetic average of the daily volume weighted average sale price of all Brambles shares sold on the ASX in the ordinary course of trading on the ASX during the 10 trading days starting 23 March 2009, less a discount of 2.5%.

Profit result presentation

To assist users of its financial statements Brambles has introduced 'Underlying profit' as a simplified non-statutory profit measure to replace the use of 'Comparable operating profit', commencing with this interim report. Underlying profit is profit from continuing operations before finance costs, tax and Significant items.

Brambles also now discloses Significant items as a footnote to its income statement, whereas previously it presented Special items in a separate column. Significant items are also disclosed and discussed in further detail in this announcement on pages 10 and 11.

To reflect the change from Comparable operating profit to Underlying profit, reconciliations are set out in the Addendum to this announcement.

----------------------------- Ends -----------------------------

Addendum

Reconciliation of Underlying profit to Statutory profit

US$ million Actual fx rates	1H09	1H08	2H08	FY08	FY07	FY06
Underlying profit	469.3	497.3	574.6	1,071.9	921.8	767.9
Significant items outside the ordinary course of business:						
Restructuring and Unification costs	(106.9)	(2.2)	(2.9)	(5.1)	(130.8)	(45.5)
Foreign exchange gain on capital repatriation	29.9	-	-	-	-	-
Adviser costs – share register activity	-	(4.4)	(0.3)	(4.7)	-	-
AUSDOC integration costs	-	-	-	-	-	(21.3)
Significant items within ordinary activities, but unusual due to size and nature:						
CHEP Americas: Walmart transition impact	(20.2)	-	(10.9)	(10.9)	-	-
CHEP Americas: USA pallet quality program costs	(34.5)	-	(20.6)	(20.6)	-	-
CHEP EMEA: Brentwood service centre closure	-	-	-	-	(8.0)	-
CHEP EMEA: Profit on sale of Madrid property	-	-	-	-	13.0	-
Operating profit from continuing operations	337.6	490.7	539.9	1,030.6	796.0	701.1

Reconciliation of Comparable operating profit to Underlying profit

	1H09	1H08	2H08	FY08	FY07	FY06
Comparable operating profit						
CHEP Americas	179.3	227.7	225.1	452.8	421.3	327.7
CHEP EMEA	170.9	189.8	206.7	396.5	336.5	299.9
CHEP Asia-Pacific	28.9	45.6	50.3	95.9	87.4	76.2
Total CHEP	379.1	463.1	482.1	945.2	845.2	703.8
Recall	53.3	55.4	73.0	128.4	118.5	97.5
Brambles HQ	(14.3)	(18.0)	(8.7)	(26.7)	(30.9)	(30.0)
Total Brambles	418.1	500.5	546.4	1,046.9	932.8	771.3
Significant items within ordinary activities, but unusual due to size and nature:						
CHEP Americas: Walmart transition impact	20.2	-	10.9	10.9	-	-
CHEP Americas: USA pallet quality program costs	34.5	-	20.6	20.6	-	-
CHEP EMEA: Brentwood service centre closure	-	-	-	-	8.0	-
CHEP EMEA: Profit on sale of Madrid property	-	-	-	-	(13.0)	-
Amortisation of acquired intangible assets (other than software):						
CHEP Americas	(0.7)	-	(0.5)	(0.5)	-	-
Recall	(2.8)	(3.2)	(2.8)	(6.0)	(6.0)	(3.4)
Underlying profit						
CHEP Americas	233.3	227.7	256.1	483.8	421.3	327.7
CHEP EMEA	170.9	189.8	206.7	396.5	331.5	299.9
CHEP Asia-Pacific	28.9	45.6	50.3	95.9	87.4	76.2
Total CHEP	433.1	463.1	513.1	976.2	840.2	703.8
Recall	50.5	52.2	70.2	122.4	112.5	94.1
Brambles HQ	(14.3)	(18.0)	(8.7)	(26.7)	(30.9)	(30.0)
Total Brambles	469.3	497.3	574.6	1,071.9	921.8	767.9

Background information

US$ million Actual fx rates	1H09	1H08	2H08	FY08
Sales				
CHEP Americas	792.5	776.4	804.9	1,581.3
CHEP EMEA	761.0	790.8	851.3	1,642.1
CHEP Asia-Pacific	166.6	185.3	201.6	386.9
Total CHEP	1,720.1	1,752.5	1,857.8	3,610.3
Recall	353.1	357.7	390.6	748.3
Total Brambles	2,073.2	2,110.2	2,248.4	4,358.6
Underlying profit				
CHEP Americas	233.3	227.7	256.1	483.8
CHEP EMEA	170.9	189.8	206.7	396.5
CHEP Asia-Pacific	28.9	45.6	50.3	95.9
Total CHEP	433.1	463.1	513.1	976.2
Recall	50.5	52.2	70.2	122.4
Total Brambles (including HQ)	469.3	497.3	574.6	1,071.9
Underlying profit margin				
CHEP Americas	29%	29%	32%	31%
CHEP EMEA	22%	24%	24%	24%
CHEP Asia-Pacific	17%	25%	25%	25%
Total CHEP	25%	26%	28%	27%
Recall	14%	15%	18%	16%
Total Brambles (including HQ)	23%	24%	26%	25%
Cash flow from operations				
CHEP Americas	116.9	175.2	190.0	365.2
CHEP EMEA	137.1	57.4	238.7	296.1
CHEP Asia-Pacific	(22.8)	30.2	27.8	58.0
Total CHEP	231.2	262.8	456.5	719.3
Recall	22.0	37.5	90.2	127.7
Total Brambles (including HQ)	220.8	265.7	544.3	810.0

Background information - *continued*

US$ million Actual fx rates	**1H09**	**1H08**	**2H08**	**FY08**
Capital expenditure on property, plant & equipment (accruals basis)				
CHEP Americas	156.7	160.1	177.3	337.4
CHEP EMEA	136.0	208.1	145.1	353.2
CHEP Asia-Pacific	62.9	41.6	62.1	103.7
Total CHEP	355.6	409.8	384.5	794.3
Recall	21.1	23.3	31.2	54.5
Total Brambles (including HQ)	377.0	433.2	416.0	849.2
Depreciation of property, plant & equipment				
CHEP Americas	82.9	77.9	82.3	160.2
CHEP EMEA	83.2	85.7	91.6	177.3
CHEP Asia-Pacific	17.1	20.7	21.7	42.4
Total CHEP	183.2	184.3	195.6	379.9
Recall	16.2	16.6	17.1	33.7
Total Brambles (including HQ)	199.5	201.0	213.0	414.0
Capex/depreciation ratio				
CHEP Americas	1.9x	2.1x	2.2x	2.1x
CHEP EMEA	1.6x	2.4x	1.6x	2.0x
CHEP Asia-Pacific	3.7x	2.0x	2.9x	2.4x
Total CHEP	1.9x	2.2x	2.0x	2.1x
Recall	1.3x	1.4x	1.8x	1.6x
Total Brambles (including HQ)	1.9x	2.2x	2.0x	2.1x
Pallet numbers				
CHEP Americas	104	100		101
CHEP EMEA	136	133		132
CHEP Asia-Pacific	18	16		18
Total CHEP	258	249		251

Glossary

Capital expenditure
Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets, investments in associates and equity acquisitions. It is shown gross of any fixed asset disposals proceeds.

Cash flow from operations
Cash flow generated after net capital expenditure but excluding Significant items that are outside the ordinary course of business.

Comparable operating profit
Comparable operating profit is profit before special items, finance costs and tax.

Constant currency
In the commentary, constant currency results are presented by translating both current and comparable period foreign currency 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.

In the statutory financial statements, foreign currency results are translated into US dollars at the applicable actual monthly exchange rates ruling in each period.

Continuing operations
Continuing operations refers to CHEP, Recall and Brambles HQ.

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.

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

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

Underlying profit
Underlying profit is profit from continuing operations before finance costs, tax and Significant items.

Unification
Refers to the December 2006 unification of the dual-listed companies structure, which operated between Brambles Industries Limited and Brambles Industries plc, under a single Australian holding company, Brambles Limited.