

15 February 2011

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

*Via electronic lodgement*

Dear Sir

**Brambles reports results for the half-year ended 31 December 2010**

Attached is a release to the Exchange from Brambles Limited on its financial report for the half-year ended 31 December 2010.

Yours faithfully  
**Brambles Limited**

**Robert Gerrard**  
Group Company Secretary



15 February 2011

ASX & Media Release

## Brambles delivers increase in revenue, profit and new business wins while investing for growth

Brambles Limited today reported sales revenue of US\$2,147.2 million for the six months ended 31 December 2010, up 3% on the prior corresponding period. Operating profit was US\$366.1 million, up 8%. Profit after tax was US\$219.8 million, up 6%.

US\$ millions	1H11	1H10	Growth	
			Actual FX	Constant FX <sup>1</sup>
Sales revenue	2,147.2	2,086.1	3%	4%
Operating profit	366.1	338.1	8%	8%
Profit after tax	219.8	206.7	6%	7%
Earnings per share <sup>2</sup> (US cents)	15.4	14.8	4%	5%
			Change	
			US\$ million	
Cash flow from continuing operations	290.1	400.3	(110.2)	
Free cash flow after dividends	(3.4)	133.3	(136.7)	

Brambles CEO Tom Gorman said: "This is a strong result, with increased group sales revenue and profit, and a robust rate of new business wins in all of our business units. Our focus remains on building our customer relationships and investing in initiatives that we expect to provide a strong foundation for profitable growth over the long term.

"CHEP's and Recall's sales revenue growth illustrates our ability to strengthen our core business at the same time as we expand our reach by adding new customers, developing our service offering and growing geographically. We are experiencing strong growth in emerging regions such as Latin America, Central & Eastern Europe, the Middle East & Africa and Asia.

"We are defending and growing our business amid ongoing competition. The contribution to sales revenue in the period from net new business wins<sup>3</sup> was US\$34 million and the annualised value of net new business won in the period was US\$54 million.

"We expect ongoing positive sales revenue momentum as we expand our business with both new and existing customers. This is despite economic weakness in Spain and the UK and subdued consumer spending in the USA and Australia. In line with these conditions and continued competitive activity, pricing remains broadly flat.

"Our strategy of expanding the scope of our product offering is progressing well. We have announced the proposed €923 million acquisition of IFCO Systems. We have also announced the acquisitions of Unitpool in airline container pooling, and of Container and Pooling Solutions (CAPS) in intermediate bulk container and automotive container pooling.

"CHEP's combined global automotive sales revenue was up 5% in the six months to 31 December 2010. We are progressing with our automotive strategy, which we believe will provide a significant source of future contract wins in the USA.

"The growth of CHEP USA's pallet business in the small-to-medium enterprise (SME) sector continues to progress. In the six months to 31 December 2010, CHEP USA increased its win rate with SMEs by 20% compared with the prior corresponding period."

### Cash flow

Cash flow from continuing operations was US\$290.1 million, down US\$110.2 million. Free cash flow after dividends was negative US\$3.4 million, down US\$136.7 million. The reduction in cash flow was primarily a result of an US\$84.0 million increase in capital expenditure to US\$338.6 million, in line with Brambles' August 2010 guidance. Increased capital expenditure in the 2011 financial year is supporting growth initiatives.

<sup>1</sup> Brambles calculates constant currency by translating results into US dollars at the exchange rates applicable during the prior corresponding period.

<sup>2</sup> Earnings per share includes discontinued operations.

<sup>3</sup> Brambles defines net new business wins as the change in sales revenue in the period resulting from business won or lost in that period and the previous 12 months. Net new business wins is calculated on a constant currency basis.

### IFCO acquisition update

The timetable for Brambles' proposed acquisition of IFCO Systems is progressing as expected. This acquisition, once completed, will provide Brambles with enhanced growth opportunities through a strengthened position in the global reusable plastic container sector and in the pallet sector in the USA. Brambles has received regulatory approvals to date from all required European countries and, pending merger clearance in the USA, anticipates transaction completion between May and August 2011.

### Dividend

The Board has declared an interim dividend of 13.0 Australian cents per share, 20% franked, up 0.5 cents on the previous interim dividend. The dividend is payable on 14 April 2011 to shareholders on the Brambles register at 5pm on 11 March 2011. In line with Brambles' previously announced funding strategy for the IFCO acquisition, the Dividend Reinvestment Plan will be available for this dividend on a fully underwritten basis, at a discount of 2.5%.

### Brambles Value Added

Brambles Value Added (BVA), the Brambles measure of economic profit, was US\$105.5 million, up US\$34.8 million, reflecting the increase in profit and capital efficiency during the period.

### Outlook

Mr Gorman said: "In line with previous guidance, Brambles expects sales revenue growth in constant currency from each of its four business units for the full 2011 financial year. Subject to unforeseen circumstances and ongoing economic uncertainty, Brambles continues to expect operating profit before interest costs and tax to be in line with its August 2010 guidance of between US\$740 million and US\$780 million (at 30 June 2010 foreign exchange rates)<sup>4</sup>."

<b>Investors and media, for further information please contact:</b>	
<b>Cathy Press</b> Group Vice President Capital Markets +61 2 9256 5241 +61 419 290 745 <a href="mailto:cathy.press@brambles.com">cathy.press@brambles.com</a>	<b>James Hall</b> Director Investor Relations & External Communications +61 2 9256 5262 +61 401 524 645 <a href="mailto:james.hall@brambles.com">james.hall@brambles.com</a>

Brambles is a provider of supply chain and information management solutions through its two primary businesses, CHEP and Recall. Brambles employs more than 12,000 people in 47 countries. For further information on Brambles and all announcements, presentations and webcasts, please visit [www.brambles.com](http://www.brambles.com).

### Webcast

Further details of Brambles' 2011 half-year results are set out in the following pages and in the Appendix 4D. Brambles will webcast a results briefing at 10am AEDT. This webcast and the ensuing Q&A session will be available both live and archived at [www.brambles.com](http://www.brambles.com). Brambles will post presentation materials on its website prior to the webcast briefing.

<sup>4</sup> All guidance and comparisons exclude IFCO acquisition expenses, included in Significant items. On the same basis, at 30 June 2010 foreign exchange rates, Brambles' operating profit for the first half of the 2011 financial year would be US\$352.0 million.

**Sales and profit summary**

<b>Table 1</b>					
<b>Sales revenue and operating profit</b>					
<b>US\$ million</b>	<b>1H11</b>		<b>1H10</b>	<b>% change</b>	
	<b>Actual FX</b>	<b>Constant FX</b>	<b>Actual FX</b>	<b>Actual FX</b>	<b>Constant FX</b>
<b>Sales revenue</b>					
CHEP Americas	791.2	782.2	756.9	5	3
CHEP EMEA	751.3	798.4	770.1	(2)	4
CHEP Asia-Pacific	220.0	203.8	195.0	13	5
<b>Total CHEP</b>	<b>1,762.5</b>	<b>1,784.4</b>	<b>1,722.0</b>	<b>2</b>	<b>4</b>
Recall	384.7	380.0	364.1	6	4
<b>Total sales revenue</b>	<b>2,147.2</b>	<b>2,164.4</b>	<b>2,086.1</b>	<b>3</b>	<b>4</b>
<b>Operating profit</b>					
CHEP Americas	125.9	122.8	108.6	16	13
CHEP EMEA	166.3	173.4	159.3	4	9
CHEP Asia-Pacific	38.8	35.5	32.5	19	9
<b>Total CHEP</b>	<b>331.0</b>	<b>331.7</b>	<b>300.4</b>	<b>10</b>	<b>10</b>
Recall	59.3	57.3	52.5	13	9
Brambles HQ	(24.2)	(23.1)	(14.8)	(64)	(56)
<b>Operating profit</b>	<b>366.1</b>	<b>365.9</b>	<b>338.1</b>	<b>8</b>	<b>8</b>
Net finance costs	(57.2)	(56.9)	(54.0)	(6)	(5)
<b>Profit before tax</b>	<b>308.9</b>	<b>309.0</b>	<b>284.1</b>	<b>9</b>	<b>9</b>
Tax expense	(89.1)	(87.5)	(77.4)	(15)	(13)
<b>Profit from continuing operations</b>	<b>219.8</b>	<b>221.5</b>	<b>206.7</b>	<b>6</b>	<b>7</b>
Profit from discontinued operations	(0.2)	(0.2)	0.4		
<b>Profit for the period</b>	<b>219.6</b>	<b>221.3</b>	<b>207.1</b>	<b>6</b>	<b>7</b>
Weighted average number of shares (millions)	<b>1,425.4</b>	<b>1,425.4</b>	<b>1,403.8</b>		
EPS <sup>5</sup> (US cents)	<b>15.4</b>	<b>15.5</b>	<b>14.8</b>	<b>4</b>	<b>5</b>
EPS <sup>5</sup> (Australian cents)	<b>16.1</b>	<b>17.6</b>	<b>16.8</b>	<b>(4)</b>	<b>5</b>
Dividend (Australian cents per share)	<b>13.0</b>		<b>12.5</b>	<b>4</b>	

<sup>5</sup> EPS (earnings per share) includes discontinued operations.

Table 2					
Underlying profit					
US\$ million	1H11		1H10	% change	
	Actual FX	Constant FX	Actual FX	Actual FX	Constant FX
<b>Underlying profit</b>					
CHEP Americas	125.9	122.7	108.6	16	13
CHEP EMEA	166.3	173.5	161.4	3	7
CHEP Asia-Pacific	38.8	35.5	32.5	19	9
<b>Total CHEP</b>	<b>331.0</b>	<b>331.7</b>	<b>302.5</b>	<b>9</b>	<b>10</b>
Recall	58.8	56.8	52.5	12	8
Brambles HQ	(17.3)	(15.4)	(14.8)	(17)	(4)
<b>Underlying profit</b>	<b>372.5</b>	<b>373.1</b>	<b>340.2</b>	<b>9</b>	<b>10</b>
Net finance costs	(57.2)	(56.9)	(54.0)	(6)	(5)
<b>Profit before tax</b>	<b>315.3</b>	<b>316.2</b>	<b>286.2</b>	<b>10</b>	<b>10</b>
Tax expense	(89.9)	(88.4)	(77.9)	(15)	(13)
<b>Underlying profit after finance costs and tax</b>	<b>225.4</b>	<b>227.8</b>	<b>208.3</b>	<b>8</b>	<b>9</b>
Weighted average number of shares (millions)	<b>1,425.4</b>	<b>1,425.4</b>	<b>1,403.8</b>		
Underlying EPS (US cents)	<b>15.8</b>	<b>16.0</b>	<b>14.8</b>	<b>7</b>	<b>8</b>
ROCI	<b>17%</b>		<b>15%</b>		

Table 3				
Reconciliation of Underlying profit to operating profit				
US\$ million	1H11		1H10	
	Before tax	After tax	Before tax	After tax
<b>Underlying profit (see Table 2)</b>	<b>372.5</b>	<b>225.4</b>	<b>340.2</b>	<b>208.3</b>
Acquisition-related costs	(6.9)	(5.9)	-	-
Restructuring costs	0.5	0.3	(2.1)	(1.6)
<b>Total Significant items</b>	<b>(6.4)</b>	<b>(5.6)</b>	<b>(2.1)</b>	<b>(1.6)</b>
<b>Operating profit (see Table 1)</b>	<b>366.1</b>	<b>219.8</b>	<b>338.1</b>	<b>206.7</b>

**Business unit operations review****CHEP Americas**

<b>Table 4 CHEP Americas</b>				
US\$ million	1H11	1H10	% change	
			Actual FX	Constant FX
Sales revenue	791.2	756.9	5	3
Operating profit	125.9	108.6	16	13
<i>Operating profit margin</i>	<i>16%</i>	<i>14%</i>	<i>2pp</i>	<i>2pp</i>
Cash flow from operations	131.3	139.8		
ROCI	14%	12%		
BVA (June 10 rates)	27.6	12.6		

**Sales**

CHEP Americas' sales revenue in the six months ended 31 December 2010 was US\$791.2 million, up 5% on the prior corresponding period, as a result of net new business wins and organic growth in the USA, Canada and, in particular, Latin America.

CHEP USA's sales revenue was up 1%, primarily as a result of net new business wins and a small increase in organic sales. Ongoing competitive activity and the tentative pace of economic recovery continues to contribute to a flat pricing environment.

Sales revenue in CHEP Canada was up 10% on net new business wins and organic sales revenue growth, as well as the stronger Canadian dollar.

CHEP Latin America's sales revenue was up 19%, predominantly reflecting increased sales volumes, lane expansion and new business in its two most significant countries of operation, Mexico and Brazil. New business wins drove growth in Argentina and Chile, which continues to recover from the economic impact of the 2010 earthquake.

The LeanLogistics business delivered a 16% increase in sales revenue as it continues to expand. LeanLogistics secured its first contracts in Canada during the period and is working closely with CHEP on driving logistics efficiency and identifying shared business opportunities.

CHEP Americas recorded net new business wins of US\$10 million, while the annualised value of net business won during the period was US\$22 million. Major contributors included new contracts in CHEP USA with Naturipe Berry Growers and private-label food producer Bay Valley Foods/Treehouse Foods and expanded contracts with water producer Niagara Bottling, Cascades Tissue Group and fresh produce grower Del Campo Supreme.

During the period, CHEP USA extended its contract with Unilever North America, maker of brands including Dove, Suave, Hellmann's, Ragu, Good Humor and Breyers. Since the end of the period, CHEP USA has extended its contract with Nestlé USA, the American division of the world's largest nutrition health and wellness company, and Nestlé Waters North America, the largest bottled water company in the USA.

In line with its strategy of expanding in the small-to-medium enterprise sector, CHEP USA won 588 contracts for volumes of less than 100,000 pallets a year, an increase of 20% on the prior corresponding period.

**Profit**

CHEP Americas' operating profit for the period was US\$125.9 million, up 16%, primarily reflecting the impact of sales growth.

CHEP USA worked to reduce its excess pallet balance and corresponding storage costs in the period. The reduction in storage costs in CHEP USA was US\$3 million. However, this was insufficient to offset a US\$12 million increase in transportation costs and a US\$4 million increase in lumber costs across

CHEP Americas. The increase in transportation costs was a result of relocations, a tightening of the transportation market and spending on asset recovery initiatives. In aggregate, direct costs increased US\$13 million in the half.

The increase in direct costs was offset by an increase in plant cost efficiencies resulting from the Better Everyday business improvement program. Total spending of US\$50.6 million under Better Everyday in the six months to 31 December 2010 was in line with plan.

**Cash flow and return on capital**

CHEP Americas' cash flow from operations was US\$131.3 million, down US\$8.5 million on the prior corresponding period. Increased capital expenditure to support growth in CHEP Latin America was largely offset by a further reduction in new pallet commitments in CHEP USA, a result of ongoing quality improvements.

Return on capital invested was 14%, up from 12% in the prior corresponding period, reflecting the increase in profit and more efficient use of the pallet pool.

**CHEP Europe, Middle East & Africa (EMEA)**

<b>Table 5 CHEP EMEA</b>				
<b>US\$ million</b>	<b>1H11</b>	<b>1H10</b>	<b>% change</b>	
			<b>Actual FX</b>	<b>Constant FX</b>
Sales revenue	751.3	770.1	(2)	4
Operating profit	166.3	159.3	4	9
<i>Operating profit margin</i>	<i>22%</i>	<i>21%</i>	<i>1pp</i>	<i>1pp</i>
<i>Significant item:</i>				
<i>Restructuring costs</i>	-	2.1		
Underlying profit	166.3	161.4	3	7
<i>Underlying profit margin</i>	<i>22%</i>	<i>21%</i>	<i>1pp</i>	<i>1pp</i>
Cash flow from operations	139.3	202.7		
ROCI	24%	21%		
BVA (June 10 rates)	77.7	64.6		

**Sales**

CHEP EMEA's sales revenue was US\$751.3 million in the six months ended 31 December 2010, down 2% on the prior corresponding period as the weaker euro and pound against the US dollar outweighed the positive effect of sales volume growth.

The main contributor to the increase in sales volume was new business growth, particularly in the emerging regions of Central & Eastern Europe (mainly Poland and Turkey) and Middle East & Africa, in which sales revenue growth was 16% and 26% respectively.

In Western Europe, Germany, Italy and the Benelux countries delivered solid sales volume growth, reflecting improving economic conditions and increased take-up of the CHEP pooling system versus non-pooled pallet exchange systems. This offset the impact of a decline in sales volumes in Spain, where economic conditions remain weak, and lower pallet volumes and the loss of the Carrefour reusable plastic container (RPC) contract in France. Sales volumes were broadly flat in the UK & Ireland.

CHEP EMEA's sales revenue from the automotive sector was 3% higher, reflecting improving production volumes in the sector.

Net new business wins contributed US\$14 million to CHEP EMEA's sales revenue in the period. The annualised value of net new business CHEP EMEA won in the period was US\$5 million, as the business generated significant new contracts to offset the impact of the lost Carrefour France RPC contract. CHEP won major new contracts during the period including: a pallet contract with leading fast-moving consumer goods company Procter & Gamble in Turkey; an RPC contract with Spanish-based



retailer Dia (part of the Carrefour group); and a pallet contract with Inditex, owner of fashion retail chains including Zara.

Significant contract extensions during the period included pallet contracts with Nestlé UK, Spanish fast-moving consumer goods producer Leche Pascual and the UK's Cumbrian Seafoods, an RPC contract with UK retailer Morrisons and an automotive container contract with General Motors.

In September 2010, Brambles acquired Switzerland-based airline container pooling business Unitpool, which has been included in CHEP EMEA's results. Unitpool contributed sales revenue of US\$5.1 million during the period.

**Profit**

CHEP EMEA's operating profit for the period was US\$166.3 million, up 4%. The improvement in profit margins reflected the benefits of the facilities and operations restructuring CHEP EMEA carried out in recent years and a return to a normal level of IPEP expense. Efficiency improvements partially offset a US\$10 million increase in spending on quality initiatives.

**Cash flow and return on capital**

CHEP EMEA's cash flow from operations was US\$139.3 million during the period, down US\$63.4 million. This reflected a return to more normal levels of pallet purchases compared with the prior corresponding period, and an increase in capital expenditure to support growth throughout the business, in particular in Central & Eastern Europe.

Return on capital invested was 24%, up from 21% in the prior corresponding period, reflecting the increase in profit and improvements in asset utilisation.

**CHEP Asia-Pacific**

Table 6 CHEP Asia-Pacific				
US\$ million	1H11	1H10	% change	
			Actual FX	Constant FX
Sales revenue	220.0	195.0	13	5
Operating profit	38.8	32.5	19	9
<i>Operating profit margin</i>	<i>18%</i>	<i>17%</i>	<i>1pp</i>	<i>0pp</i>
Cash flow from operations	31.9	35.7		
ROCI	20%	17%		
BVA (June 10 rates)	12.2	8.6		

**Sales**

CHEP Asia-Pacific's sales revenue in the six months ended 31 December 2010 was US\$220.0 million, up 13% on the prior corresponding period, reflecting the strength of the Australian dollar and growth in emerging economies.

Sales revenue growth was 10% in both CHEP Australia and CHEP New Zealand, largely as a result of the strength of both countries' currencies relative to the US dollar. Sales revenue growth was 76% in CHEP China, 260% in CHEP India and 23% in CHEP South-East Asia.

CHEP Asia-Pacific's sales revenue in the automotive sector increased 13%, reflecting strong growth in China and India. Sales revenue from RPCs rose 15%, reflecting the ongoing increase in scope of key contracts in Australia.

Net new business wins in the period were US\$2 million, while the annualised value of net business won was US\$8 million. Major customer wins in the period included food producer Sanitarium in Australia and retailer CRV in China.

**Profit**

CHEP Asia-Pacific generated operating profit in the period of US\$38.8 million, up 19%. This reflected the higher sales revenue and the continued improvement in the financial performance of the developing Chinese business.

**Cash flow and return on capital**

CHEP Asia-Pacific's cash flow from operations was US\$31.9 million during the period, down US\$3.8 million, predominantly reflecting increased capital expenditure to support growth in Asia.

Return on capital invested was 20%, up from 17% in the prior corresponding period.

**Recall**

<b>Table 7 Recall</b>				
<b>US\$ million</b>	<b>1H11</b>	<b>1H10</b>	<b>% change</b>	
			<b>Actual FX</b>	<b>Constant FX</b>
Sales revenue	384.7	364.1	6	4
Operating profit	59.3	52.5	13	9
<i>Operating profit margin</i>	<i>15%</i>	<i>14%</i>	<i>1pp</i>	<i>1pp</i>
<i>Significant items:</i>				
<i>Restructuring costs</i>	<i>0.5</i>	<i>-</i>		
Underlying profit	58.8	52.5	12	8
<i>Underlying profit margin</i>	<i>15%</i>	<i>14%</i>	<i>1pp</i>	<i>1pp</i>
Cash flow from operations	13.6	45.9		
ROCI	12%	11%		
BVA (June 10 rates)	(0.8)	(5.3)		

**Sales**

Recall's sales revenue for the six months ended 31 December 2010 was US\$384.7 million, up 6% on the prior corresponding period, reflecting growth in all service lines, net new business wins and the translation impact of the weaker US dollar.

In the Document Management Solutions service line, sales revenue rose 5%. Carton volume growth, at 6%, was higher than sales revenue growth, reflecting the start-up phase of new contracts established during the period.

In Secure Destruction Services, sales revenue rose 8% as the prices for which the business sold paper to recyclers were higher than the prior corresponding period. Sales revenue in the Data Protection Services business line was up 5%, primarily as a result of growth in Asia.

**Profit**

Recall delivered operating profit of US\$59.3 million in the period, up 13%, reflecting strong sales revenue growth and tight cost control, which more than offset the impact of managing an expanded property footprint, sales-force expansion and expenditure on information technology projects.

**Cash flow and return on capital**

Recall's cash flow from operations in the period was US\$13.6 million, down US\$32.3 million, reflecting the planned increase in capital expenditure to support business growth. The main areas of investment are facilities expansion, information technology and security systems. Working capital also grew to support growth.

Return on capital invested was 12%, up from 11% in the prior corresponding period, reflecting the increase in profit.

**Additional financial information****Capital expenditure (property, plant and equipment)**

<b>Table 8</b>			
<b>Capital expenditure on property, plant and equipment (accruals basis)</b>			
<b>US\$ million</b>	<b>1H11</b>	<b>1H10</b>	<b>Change</b>
CHEP Americas	127.1	101.7	(25.4)
CHEP EMEA	144.6	84.7	(59.9)
CHEP Asia-Pacific	43.1	27.9	(15.2)
<b>Total CHEP</b>	<b>314.8</b>	<b>214.3</b>	<b>(100.5)</b>
Recall	44.0	18.1	(25.9)
Brambles HQ	-	0.1	0.1
<b>Total capital expenditure</b>	<b>358.8</b>	<b>232.5</b>	<b>(126.3)</b>

Capital expenditure was US\$358.8 million in the six months ended 31 December 2010, up US\$126.3 million. This reflected an increase in investment in growth initiatives in all four business units, as forecast at the 2010 full-year result. CHEP capital expenditure of US\$314.8 million, up US\$100.5 million, reflected growth in emerging markets such as China, India, Central & Eastern Europe and Latin America, as well as the continued roll-out of new platforms. Total pallet capital expenditure was US\$272.9 million, up US\$102.0 million. Pallet purchases increased to support expansion in emerging markets and an improvement in underlying economic conditions in established regions. Recall's capital expenditure was primarily on facilities expansion, information technology and security systems.

**Cash flow**

<b>Table 9</b>			
<b>Cash flow</b>			
<b>US\$ million</b>	<b>1H11</b>	<b>1H10</b>	<b>Change</b>
Underlying profit	372.5	340.2	32.3
Depreciation and amortisation	223.5	221.9	1.6
<b>EBITDA</b>	<b>596.0</b>	<b>562.1</b>	<b>33.9</b>
Capital expenditure	(338.6)	(254.6)	(84.0)
Proceeds from disposals	39.8	43.6	(3.8)
Working capital movement	(34.3)	(21.4)	(12.9)
Irrecoverable pooling equipment provision	52.7	60.2	(7.5)
Provisions and other items	(25.5)	10.4	(35.9)
<b>Cash flow from continuing operations</b>	<b>290.1</b>	<b>400.3</b>	<b>(110.2)</b>
Significant items outside ordinary activities	(14.0)	(35.1)	21.1
<b>Cash flow from operations (inc. Significant items)</b>	<b>276.1</b>	<b>365.2</b>	<b>(89.1)</b>
Financing costs and tax	(175.7)	(130.6)	(45.1)
<b>Free cash flow</b>	<b>100.4</b>	<b>234.6</b>	<b>(134.2)</b>
Dividends paid	(103.8)	(101.3)	(2.5)
<b>Free cash flow after dividends</b>	<b>(3.4)</b>	<b>133.3</b>	<b>(136.7)</b>

Cash flow from continuing operations was US\$290.1 million in the six months ended 31 December 2010, down US\$110.2 million. Free cash flow after dividends was negative US\$3.4 million, down US\$136.7 million. The decline in cash flow primarily reflected the US\$84.0 million increase in capital expenditure.

The increase in provisions and other items included higher payments of annual bonuses, reflecting the improved performance of the business in financial year 2010 compared with 2009, and the timing of other payments in 2010. Significant items included spending of prior year provisions on restructuring,

and acquisition costs in financial year 2011. Financing costs and tax were higher, reflecting the increased profit and the timing of tax instalment payments.

**Interest**

Net finance costs were US\$57.2 million in the six months ended 31 December 2010, up 6%, mainly as a result of the higher fixed cost component of the US 144A bond. This new funding source replaced funding drawn under certain shorter term bank facilities and increased the weighted duration of Brambles' credit facilities.

**Tax**

Tax expense in the six months ended 31 December 2010 was US\$89.1 million, up 15%. The effective tax rate was 28.8% on operating profit, up from 27.2% in the prior corresponding period, when Brambles benefited from the reversal of tax provisions following the receipt of a tax ruling.

**Debt**

<b>Table 10</b>			
<b>Net debt and key ratios</b>			
<b>US\$ million</b>	<b>December 10</b>	<b>June 10</b>	<b>Change</b>
Current debt	336.9	276.0	(60.9)
Non-current debt	1,490.7	1,618.8	128.1
<b>Gross debt</b>	<b>1,827.6</b>	<b>1,894.8</b>	<b>67.2</b>
Less cash	(107.1)	(135.5)	(28.4)
<b>Net debt</b>	<b>1,720.5</b>	<b>1,759.3</b>	<b>38.8</b>
	<b>1H11</b>	<b>1H10</b>	<b>Change</b>
EBITDA	596.0	562.1	33.9
Net finance costs	57.2	54.0	(3.2)
<b>Key ratios</b>			
Net debt to EBITDA	1.4x	1.8x	
EBITDA interest cover	10.4x	10.4x	

Net debt was US\$1,720.5 million at 31 December 2010, down US\$38.8 million from 30 June 2010. The reduction includes proceeds received from the A\$110 million underwritten Share Purchase Plan carried out in December 2010 to part-fund the IFCO Systems acquisition. At 31 December 2010, Brambles had committed credit facilities including bonds and notes totalling US\$3,659.3 million, of which undrawn borrowing capacity totalled US\$1,935.2 million. The average term to maturity of total credit facilities was 3.4 years. Brambles maintains strong financial ratios. The ratio of net debt to EBITDA was 1.4 times at the end of the period, compared with 1.8 times in the prior corresponding period, and EBITDA interest cover remained at 10.4 times. Brambles' credit ratings are BBB+ (Standard & Poor's) and Baa1 (Moody's).

**Brambles Value Added (BVA)**

<b>Table 11</b>			
<b>BVA (June 2010 FX)</b>			
<b>US\$ million</b>	<b>1H11</b>	<b>1H10</b>	<b>Change</b>
CHEP Americas	27.6	12.6	15.0
CHEP EMEA	77.7	64.6	13.1
CHEP Asia-Pacific	12.2	8.6	3.6
<b>Total CHEP</b>	<b>117.5</b>	<b>85.8</b>	<b>31.7</b>
Recall	(0.8)	(5.3)	4.5
Brambles HQ	(11.2)	(9.8)	(1.4)
<b>Total</b>	<b>105.5</b>	<b>70.7</b>	<b>34.8</b>

BVA, the company's measure of economic profit, was US\$105.5 million in the six months ending 31 December 2010, up US\$34.8 million from the prior corresponding period, as all four business units delivered an improved performance. The increase in BVA reflected the increase in Underlying profit and capital efficiency during the period.

**Dividend**

<b>Table 12</b>					
<b>Dividend details</b>					
	<b>Aust. cents per share</b>	<b>Franking</b>	<b>Ex dividend trading date</b>	<b>Record date</b>	<b>Payment date</b>
Interim	13.0	20%	7 March 2011	11 March 2011	14 April 2011

The Board has declared an interim dividend of 13.0 Australian cents per share, 20% franked, up 0.5 Australian cents on the previous interim dividend. The unfranked component of the final dividend is conduit foreign income. Consequently, no Australian dividend withholding tax will be payable on the final dividend that Brambles will pay to non-resident shareholders.

**Dividend Reinvestment Plan**

The Board has set the price at which Brambles will allot shares under the Dividend Reinvestment Plan (DRP) for the interim dividend as the arithmetic average of the daily volume-weighted average sale price of all Brambles shares sold on the Australian Securities Exchange in the ordinary course of trading during the 15 trading days starting 15 March 2011, less a discount of 2.5%.

The latest time and date at which an eligible shareholder can elect to participate in or increase, decrease or terminate their participation in the DRP is 5pm on the record date (11 March). In line with the previously announced funding strategy for the proposed acquisition of IFCO Systems, the DRP will be fully underwritten.

**Safety**

The 12-month rolling Brambles Injury Frequency Rate was 19.3 per million man hours at 31 December 2010, compared with 21.9 per million man hours at 30 June 2010. Brambles introduced a new Zero Harm strategy during the period, which included the formation of a Group Zero Harm Council and the establishment of direct reporting lines from the heads of safety within each of Brambles four business units to the divisional Group President. There were no fatalities in the period.

**Forward-looking statements**

*Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Brambles' current expectations, estimates and projections about the industry in which Brambles operates, and beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Brambles only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.*

**Background information**

US\$ million				
Actual FX rates	1H11	1H10	2H10	FY10
<b>Sales</b>				
CHEP Americas	791.2	756.9	776.7	1,533.6
CHEP EMEA	751.3	770.1	712.5	1,482.6
CHEP Asia-Pacific	220.0	195.0	195.9	390.9
Total CHEP	1,762.5	1,722.0	1,685.1	3,407.1
Recall	384.7	364.1	375.6	739.7
Total Brambles	2,147.2	2,086.1	2,060.7	4,146.8
<b>Operating profit</b>				
CHEP Americas	125.9	108.6	126.6	235.2
CHEP EMEA	166.3	159.3	165.6	324.9
CHEP Asia-Pacific	38.8	32.5	45.3	77.8
Total CHEP	331.0	300.4	337.5	637.9
Recall	59.3	52.5	70.6	123.1
Total Brambles (including HQ)	366.1	338.1	386.4	724.5
<b>Operating profit margin</b>				
CHEP Americas	16%	14%	16%	15%
CHEP EMEA	22%	21%	23%	22%
CHEP Asia-Pacific	18%	17%	23%	20%
Total CHEP	19%	17%	20%	19%
Recall	15%	14%	19%	17%
Total Brambles (including HQ)	17%	16%	19%	17%
<b>Underlying profit</b>				
CHEP Americas	125.9	108.6	128.5	237.1
CHEP EMEA	166.3	161.4	168.1	329.5
CHEP Asia-Pacific	38.8	32.5	45.9	78.4
Total CHEP	331.0	302.5	342.5	645.0
Recall	58.8	52.5	72.1	124.6
Total Brambles (including HQ)	372.5	340.2	393.2	733.4
<b>Underlying profit margin</b>				
CHEP Americas	16%	14%	17%	15%
CHEP EMEA	22%	21%	24%	22%
CHEP Asia-Pacific	18%	17%	23%	20%
Total CHEP	19%	18%	20%	19%
Recall	15%	14%	19%	17%
Total Brambles (including HQ)	17%	16%	19%	18%
<b>Average capital invested</b>				
CHEP Americas	1,749.8	1,748.2	1,744.0	1,746.1
CHEP EMEA	1,379.4	1,505.8	1,317.0	1,411.4
CHEP Asia-Pacific	397.4	381.9	381.3	381.6
Total CHEP	3,526.6	3,635.9	3,442.3	3,539.1
Recall	992.2	947.0	937.6	942.3
Total Brambles (including HQ)	4,458.5	4,522.0	4,318.2	4,420.1
<b>Return on capital invested (annualised) (based on Underlying profit)</b>				
CHEP Americas	14%	12%	15%	14%
CHEP EMEA	24%	21%	26%	23%
CHEP Asia-Pacific	20%	17%	24%	21%
Total CHEP	19%	17%	20%	18%
Recall	12%	11%	15%	13%
Total Brambles (including HQ)	17%	15%	18%	17%

**Background information** (continued)

US\$ million				
Actual FX rates	1H11	1H10	2H10	FY10
<b>Cash flow from operations</b>				
CHEP Americas	131.3	139.8	145.9	285.7
CHEP EMEA	139.3	202.7	209.0	411.7
CHEP Asia-Pacific	31.9	35.7	58.4	94.1
Total CHEP	302.5	378.2	413.3	791.5
Recall	13.6	45.9	75.8	121.7
Total Brambles (including HQ)	290.1	400.3	482.0	882.3
<b>Capital expenditure on property, plant &amp; equipment (accruals basis)</b>				
CHEP Americas	127.1	101.7	102.8	204.5
CHEP EMEA	144.6	84.7	88.5	173.2
CHEP Asia-Pacific	43.1	27.9	39.1	67.0
Total CHEP	314.8	214.3	230.4	444.7
Recall	44.0	18.1	35.7	53.8
Total Brambles (including HQ)	358.8	232.5	266.3	498.8
<b>Depreciation of property, plant &amp; equipment</b>				
CHEP Americas	80.1	79.3	80.7	160.0
CHEP EMEA	79.5	83.9	76.9	160.8
CHEP Asia-Pacific	27.2	24.7	25.9	50.6
Total CHEP	186.8	187.9	183.5	371.4
Recall	17.7	16.9	16.8	33.7
Total Brambles (including HQ)	204.7	205.0	200.5	405.5
<b>Capex/depreciation ratio</b>				
CHEP Americas	1.6x	1.3x	1.3x	1.3x
CHEP EMEA	1.8x	1.0x	1.2x	1.1x
CHEP Asia-Pacific	1.6x	1.1x	1.5x	1.3x
Total CHEP	1.7x	1.1x	1.3x	1.2x
Recall	2.5x	1.1x	2.1x	1.6x
Total Brambles (including HQ)	1.8x	1.1x	1.3x	1.2x
<b>Pallet numbers (millions) <sup>1</sup></b>				
CHEP Americas	96	99		94
CHEP EMEA	123	129		126
CHEP Asia-Pacific	19	18		18
Total CHEP	238	246		238
<b>Carton numbers - Recall (millions)</b>				
	97	91		93
<b>BVA <sup>2</sup></b>				
CHEP Americas	27.6	12.6	31.3	43.9
CHEP EMEA	77.7	64.6	86.8	151.4
CHEP Asia-Pacific	12.2	8.6	21.8	30.4
Total CHEP	117.5	85.8	139.9	225.7
Recall	(0.8)	(5.3)	16.1	10.8
Total Brambles (including HQ)	105.5	70.7	138.0	208.7

<sup>1</sup> Shown gross, before provisions

<sup>2</sup> At fixed June 2010 exchange rates



**Glossary****Actual rates**

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

**Average Capital Invested**

Average Capital Invested (ACI) is a 12-month average of capital invested. Semi-annual average capital invested is calculated as a six-month average. Capital Invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for accumulated pre-tax Significant items, actuarial gains or losses and net equity adjustments for equity-settled share-based payments.

**BIFR**

Brambles Injury Frequency Rate (BIFR) is the sum of the total number of fatalities, lost-time injuries, modified duties and medical treatments, calculated per million worked hours.

**BVA**

Brambles Value Added (BVA) represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2010 exchange rates as:

- Underlying profit; plus
- Significant items that are part of the ordinary activities of the business; less
- Average Capital Invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.

**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 proceeds from any fixed asset disposals.

**Cash flow from operations**

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

**Constant currency**

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.

**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.

**ROCI**

Return on Capital Invested or ROCI is calculated as Underlying profit divided by Average Capital Invested.

**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 (for example, 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 because of their size and nature.

**Underlying profit**

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