NOTE 1. BASIS OF PREPARATION

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) (Company) and its subsidiaries (Brambles or the Group) for the year ended 30 June 2011.

The financial statements comply with International Financial Reporting Standards (IFRS). 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), the Urgent Issues Group Interpretations (UIG) and the requirements of the Corporations Act 2001 (Act).

The financial statements are drawn up in accordance with the conventions of historical cost accounting, except for derivative financial instruments and financial assets and liabilities at fair value through profit or loss.

References to 2011 and 2010 are to the financial years ended 30 June 2011 and 30 June 2010 respectively.

Details of Unification, whereby Brambles Limited acquired all the share capital of Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) under separate schemes of arrangement on 4 December 2006, are set out in Brambles' 2007 Annual Report.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

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

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

Investment in controlled entities

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

Investment in joint ventures

Investments in joint venture entities are accounted for using the equity method in the consolidated financial statements, and include any goodwill arising on acquisition. Under this method, Brambles' 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 Brambles' share of losses in a joint venture equals or exceeds its interest in the joint venture, Brambles 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, Brambles recognises its share of any changes as a change in equity.

Non-current assets held for sale

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

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations

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

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

Presentation currency

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

Brambles uses the US dollar as its presentation currency because:

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Foreign currency

Items included in the financial statements of each of Brambles' 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 Brambles 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 Brambles Limited, subsidiaries and joint ventures are translated into US dollars at the exchange rate ruling at the balance sheet date. The share capital of Brambles Limited is translated into US dollars at historical rates. All resulting exchange differences arising on the translation of Brambles' 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.

The principal exchange rates affecting Brambles were:

		US$:A$	US$:€	US$:£
Average	**2011**	**0.9973**	**1.3746**	**1.5941**
	2010	0.8813	1.3782	1.5733
Year end	**30 June 2011**	**1.0692**	**1.4464**	**1.6069**
	30 June 2010	0.8498	1.2185	1.5051

Revenue

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

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

Other income

Other income includes net gains on disposal of property, plant and equipment in the ordinary course of business, which are recognised when control of the property has passed to the buyer. Amounts arising from compensation for irrecoverable pooling equipment are recognised only when it is probable that they will be received.

Dividends

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

Finance revenue

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

Borrowing costs

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year. No borrowing costs were capitalised in 2011 or 2010.

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 Brambles' obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

A liability in respect of defined benefit pension schemes is recognised in the balance sheet, measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension scheme's assets at that date. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds.

The costs of providing pensions under defined benefit schemes are calculated using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Actuarial gains and losses arising from differences between expected and actual returns, and the effect of changes in actuarial assumptions are recognised in full through the statement of comprehensive income in the period in which they arise.

The costs of other post-employment liabilities are calculated in a similar way to defined benefit pension schemes and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 MyShare 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, Brambles 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 Brambles or to the relevant business segment and:

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

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

ASSETS

Cash and cash equivalents

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

Receivables

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

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

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

Inventories

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

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

Recoverable amount of non-current assets

At each reporting date, Brambles 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, Brambles 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 Brambles. Repairs and maintenance are expensed in the income statement in the period they are incurred.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The expected useful lives of PPE are generally:

- buildings 50 years
- pooling equipment 5–10 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 Brambles, whichever is the shorter.

Provision is made for irrecoverable pooling equipment based on experience in each market. The provision is presented within accumulated depreciation.

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.

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 Brambles' share of the net identifiable assets of the acquired subsidiary or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investments in joint ventures.

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

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

Intangible assets

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

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

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

The expected useful lives of intangible assets are generally:

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

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

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

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

LIABILITIES

Payables

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

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

Provisions

Provisions for liabilities are made on the basis that, due to a past event, the business has a constructive or legal obligation to transfer economic benefits that are of uncertain timing or amount. Provisions are measured at the present value of management's best estimate at the balance sheet date of the expenditure required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks appropriate to the liability.

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

Interest bearing liabilities

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

Borrowings are classified as current liabilities unless Brambles 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 Brambles in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, sick leave, long service leave and contract entitlements. Annual leave and sick leave entitlements are presented within trade and other payables.

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

Dividends

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

Leases

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 Brambles, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, present value of the minimum lease payments, and disclosed as property, plant and equipment held under lease. A lease liability of equal value is also recognised.

Lease payments are allocated between finance charges and a reduction of the lease liability so as to achieve a constant period rate of interest on the lease liability outstanding each period. The finance charge is recognised as a finance cost in the income statement.

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

Income tax

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

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

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

Deferred tax assets and liabilities are not recognised:

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

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

Financial assets

Brambles 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 Brambles' balance sheet when Brambles becomes a party to the contractual provisions of the instrument. Derecognition takes place when Brambles 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 Brambles, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, caps, collars, forward rate agreements and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of Brambles' existing underlying exposure in line with Brambles' risk management policies.

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

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

Fair value hedges

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Brambles' 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.

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 2011, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. Brambles has not early-adopted these new or amended accounting standards and interpretations in 2011.

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 are applicable to annual reporting periods beginning on or after 1 January 2013. AASB 9 addresses the classification and measurement of financial assets and may affect Brambles' accounting for financial assets. Brambles is yet to assess the full impact of this standard.

Revised IAS 1: Presentation of Financial Statements is applicable to annual reporting periods beginning on or after 1 July 2012. The revised standard requires entities to separate items presented in other comprehensive income into two groups, based on whether the items may be recycled to profit or loss in the future. Brambles will assess the full impact of this standard after the AASB issues an equivalent revised AASB 101 Presentation of Financial Statements.

Revised IAS 19: Employee Benefits is applicable to annual reporting periods beginning on or after 1 January 2013. The revised standard requires all remeasurements of defined benefit plan assets and liabilities to be recognised immediately in other comprehensive income. It further requires net interest expense on net defined benefit liability to be calculated using a discount rate. The revised requirements replace the expected return on plan assets that is currently included in the profit or loss. Brambles will assess the full impact of this standard after the AASB issues an equivalent revised AASB 119 Employee benefits.

Rounding of amounts

As Brambles is a company of a kind referred to in ASIC Class Order 98/0100, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying its accounting policies, Brambles 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.

Irrecoverable pooling equipment provisioning

Loss or damage is an inherent risk of pooling equipment operations. Brambles' pooling equipment operations around the world differ in terms of business model, market dynamics, customer and distribution channel profiles, contractual arrangements and operational details. CHEP conducts audits continuously throughout the year to confirm the existence and the condition of its pooling equipment assets and to validate CHEP's customer hire records. During these audits, which take place at CHEP plants, customer sites and other locations, pooling equipment is counted on a sample basis and reconciled to the balances shown in CHEP's customer hire records. Brambles also monitors its pooling equipment operations using detailed key performance indicators (KPIs).

The irrecoverable pooling equipment provision is determined by reference to historical statistical data in each market, including the outcome of audits and relevant KPIs, together with management estimates of future equipment losses.

Impairment of goodwill

Brambles' 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 21.

Income taxes

Brambles 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. Brambles 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 9 for further details.

NOTE 4. SEGMENT INFORMATION

Brambles' segment information is provided on the same basis as its internal management reporting to the CEO and reflects how Brambles is organised and managed.

Brambles has six reportable segments, being CHEP Americas, CHEP EMEA, CHEP Asia-Pacific, IFCO (each pallet and container pooling businesses), Recall (information management business) and Brambles HQ (corporate centre). Discontinued operations primarily comprise the Cleanaway businesses (waste management), which were divested in 2006 and 2007. On 17 August 2011, Brambles announced that it has decided to divest Recall. Refer Note 37.

Segment results shown are consistent with internal management reporting. Segment performance is measured on sales, Underlying profit, cash flow from operations and Brambles Value Added (BVA). 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 the business stream 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 and tax balances are managed centrally and not allocated to segments.

	Sales revenue		Cash flow from operations[1]		Brambles Value Added[2]	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m	2011 US$m	2010 US$m
By operating segment						
CHEP Americas	**1,617.2**	1,533.6	**270.1**	285.7	**76.7**	43.9
CHEP EMEA	**1,545.9**	1,482.6	**299.2**	411.7	**149.9**	151.4
CHEP Asia-Pacific	**463.7**	390.9	**80.8**	94.1	**36.5**	30.4
Total CHEP	**3,626.8**	3,407.1	**650.1**	791.5	**263.1**	225.7
IFCO	**230.1**	-	**14.9**	-	**(11.3)**	-
Recall	**815.3**	739.7	**92.6**	121.7	**17.5**	10.8
Brambles HQ	**-**	-	**(32.5)**	(30.9)	**(21.0)**	(27.8)
Total	**4,672.2**	4,146.8	**725.1**	882.3	**248.3**	208.7
By geographic origin						
Americas	**2,101.8**	1,868.9				
Europe	**1,692.4**	1,537.9				
Australia	**574.1**	501.6				
Other	**303.9**	238.4				
Total	**4,672.2**	4,146.8				

	Operating profit[3]		Significant items before tax[4]		Underlying profit[4]	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m	2011 US$m	2010 US$m
By operating segment						
CHEP Americas	**278.1**	235.2	**-**	(1.9)	**278.1**	237.1
CHEP EMEA	**310.3**	324.9	**(27.1)**	(4.6)	**337.4**	329.5
CHEP Asia-Pacific	**96.6**	77.8	**(1.3)**	(0.6)	**97.9**	78.4
Total CHEP	**685.0**	637.9	**(28.4)**	(7.1)	**713.4**	645.0
IFCO	**30.3**	-	**(2.9)**	-	**33.2**	-
Recall	**145.8**	123.1	**0.5**	(1.5)	**145.3**	124.6
Brambles HQ	**(51.9)**	(36.5)	**(17.2)**	(0.3)	**(34.7)**	(36.2)
Continuing operations	**809.2**	724.5	**(48.0)**	(8.9)	**857.2**	733.4
Discontinued operations	**0.9**	3.9	**0.9**	3.9		
Total	**810.1**	728.4	**(47.1)**	(5.0)		

NOTE 4. SEGMENT INFORMATION - CONTINUED

	Capital expenditure		Depreciation and amortisation	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m
By operating segment				
CHEP Americas	**282.0**	214.2	**176.9**	171.9
CHEP EMEA	**315.2**	174.8	**173.5**	167.8
CHEP Asia-Pacific	**106.1**	67.2	**59.2**	52.1
Total CHEP	**703.3**	456.2	**409.6**	391.8
IFCO	**46.2**	-	**18.1**	-
Recall	**110.7**	73.7	**51.3**	47.9
Brambles HQ	**6.1**	2.1	**0.8**	4.3
Continuing operations	**866.3**	532.0	**479.8**	444.0

	Segment assets		Segment liabilities	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m
By operating segment				
CHEP Americas	**1,817.0**	1,702.6	**250.3**	204.9
CHEP EMEA	**1,851.8**	1,499.4	**420.4**	339.3
CHEP Asia-Pacific	**600.8**	451.6	**131.3**	91.0
Total CHEP	**4,269.6**	3,653.6	**802.0**	635.2
IFCO	**2,009.7**	-	**456.5**	-
Recall	**1,248.5**	1,038.2	**230.0**	182.5
Brambles HQ	**32.5**	32.9	**58.8**	78.5
Total segment assets and liabilities	**7,560.3**	4,724.7	**1,547.3**	896.2
Cash and borrowings	**138.5**	135.5	**3,137.3**	1,894.8
Current tax balances	**16.1**	16.3	**102.9**	78.5
Deferred tax balances	**36.3**	19.8	**529.1**	408.2
Equity-accounted investments	**16.8**	14.0	**-**	-
Total assets and liabilities	**7,768.0**	4,910.3	**5,316.6**	3,277.7
Non-current assets by geographic origin [5]				
Americas	**2,627.5**	1,936.8		
Europe	**2,744.8**	1,270.4		
Australia	**604.6**	487.9		
Other	**427.2**	315.2		
Total	**6,404.1**	4,010.3		

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

[2] BVA is a non-statutory profit measure and 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%.

[3] Operating profit is segment revenue less segment expense and excludes net finance costs.

[4] Underlying profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant items (refer Note 6). It is presented to assist users of the financial statements to better understand Brambles' business results.

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

NOTE 5. PROFIT FROM ORDINARY ACTIVITIES - CONTINUING OPERATIONS

	2011 US$m	2010 US$m
A) REVENUE AND OTHER INCOME - CONTINUING OPERATIONS		
Sales revenue	**4,672.2**	4,146.8
Net gains on disposals of property, plant and equipment	**36.5**	26.4
Other operating income	**98.5**	70.6
Other income	**135.0**	97.0
Total income	**4,807.2**	4,243.8
B) OPERATING EXPENSES - CONTINUING OPERATIONS		
Employment costs (Note 7)	**893.6**	779.5
Service suppliers:		
- transport	**831.5**	730.7
- repairs and maintenance	**439.0**	376.3
- subcontractors and other service suppliers	**555.7**	458.0
Raw materials and consumables	**250.7**	193.5
Occupancy	**279.9**	262.3
Depreciation of property, plant and equipment	**435.5**	405.5
Impairment of property, plant and equipment (refer Note 6)	**14.5**	-
Irrecoverable pooling equipment provision expense	**104.9**	111.2
Amortisation:		
- software	**25.1**	24.2
- acquired intangible assets (other than software)	**13.1**	6.7
- deferred expenditure	**6.1**	7.6
Other	**154.8**	169.6
	4,004.4	3,525.1
C) NET FOREIGN EXCHANGE GAINS AND LOSSES - CONTINUING OPERATIONS		
Net losses included in operating profit	**(2.1)**	(1.0)
Net (losses)/gains included in net finance costs	**(1.4)**	2.3
	(3.5)	1.3

NOTE 6. SIGNIFICANT ITEMS - CONTINUING OPERATIONS

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

Significant items are disclosed to assist users of the financial statements to better understand Brambles' business results.

	2011 US$m		
	Before tax	Tax	After tax
Items outside the ordinary course of business:			
- acquisition-related costs[a]	**(19.1)**	**2.5**	**(16.6)**
- restructuring costs[b]	**(3.4)**	**0.9**	**(2.5)**
- IFCO integration costs[c]	**(25.5)**	**(7.2)**	**(32.7)**
Significant items from continuing operations	**(48.0)**	**(3.8)**	**(51.8)**

	2010 US$m		
	Before tax	Tax	After tax
Items outside the ordinary course of business:			
- restructuring costs[b]	(8.9)	2.6	(6.3)
Significant items from continuing operations	(8.9)	2.6	(6.3)

[a] Professional fees were incurred in 2011 in relation to the IFCO, Unitpool, CAPS and JMI business acquisitions described in Note 13.

[b] During 2011, redundancy and plant closure expenses of US$3.4 million have been incurred in various countries (2010: US$8.9 million).

[c] Integration costs of US$25.5 million have been incurred by IFCO and CHEP EMEA following the acquisition of IFCO Systems NV. These include US$14.5 million impairment of CHEP Europe's reusable plastic crates (RPC) assets and redundancies, offset by a US$1.9 million gain on repayment of an IFCO bond borrowing. Tax expense of US$7.2 million includes US$8.4 million tax expense resulting from the acquisition and integration of IFCO.

NOTE 7. EMPLOYMENT COSTS - CONTINUING OPERATIONS

	2011 US$m	2010 US$m
Wages and salaries	**753.6**	653.2
Social security costs	**81.4**	71.5
Share-based payment expense	**13.6**	11.1
Pension costs:		
- defined contribution plans	**22.9**	19.9
- defined benefit plans	**6.4**	5.4
Other post-employment benefits	**15.7**	18.4
	893.6	779.5

	2011	2010
The average monthly number of employees in continuing operations was:		
CHEP	**7,982**	7,617
IFCO	**3,806**	-
Recall	**5,238**	5,004
Brambles HQ	**108**	93
	17,134	12,714

NOTE 8. NET FINANCE COSTS

	2011 US$m	2010 US$m
Finance revenue		
Bank accounts and short term deposits	**3.1**	2.2
Derivative financial instruments	**12.1**	4.8
Other	**2.0**	0.6
	17.2	7.6
Finance costs		
Interest expense on bank loans and borrowings	**(134.7)**	(101.9)
Derivative financial instruments	**(9.2)**	(14.8)
Other	**(0.8)**	(0.5)
	(144.7)	(117.2)
Net finance costs	**(127.5)**	(109.6)

NOTE 9. INCOME TAX

	2011 US$m	2010 US$m
A) COMPONENTS OF TAX EXPENSE		
Amounts recognised in the income statement		
Current income tax - continuing operations:		
- income tax charge	**242.2**	201.8
- prior year adjustments	**(11.2)**	13.8
	231.0	215.6
Deferred tax - continuing operations:		
- origination and reversal of temporary differences	**(3.8)**	(6.6)
- previously unrecognised tax losses	**(2.5)**	(15.7)
- prior year adjustments	**(14.8)**	(22.3)
	(21.1)	(44.6)
Tax expense - continuing operations	**209.9**	171.0
Tax benefit - discontinued operations (Note 12)	**(2.7)**	(1.0)
Tax expense recognised in the income statement	**207.2**	170.0
Amounts recognised in the statement of comprehensive income		
- on actuarial gains/(losses) on defined benefit pension plans	**3.6**	(1.3)
- on losses on revaluation of cash flow hedges	**2.3**	0.5
Tax expense/(benefit) recognised directly in the statement of comprehensive income	**5.9**	(0.8)
B) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT BEFORE TAX		
Profit before tax - continuing operations	**681.7**	614.9
Tax at standard Australian rate of 30% (2010: 30%)	**204.5**	184.5
Effect of tax rates in other jurisdictions	**(22.7)**	(9.9)
Prior year adjustments	**(26.2)**	(8.5)
Current year tax losses not recognised	**13.8**	6.1
Foreign withholding tax - unrecoverable	**15.2**	5.5
Change in tax rates	**0.2**	0.2
Non-deductible expenses	**15.8**	7.5
Other taxable items	**11.6**	-
Prior year tax losses recouped/recognised	**(2.5)**	(15.7)
Other	**0.2**	1.3
Tax expense - continuing operations	**209.9**	171.0
Tax benefit - discontinued operations (Note 12)	**(2.7)**	(1.0)
Total income tax expense	**207.2**	170.0

NOTE 9. INCOME TAX - CONTINUED

	2011 US$m	2010 US$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	**9.5**	10.5
Provisions	**48.9**	37.6
Losses available against future taxable income	**283.3**	143.5
Other	**83.1**	48.9
	424.8	240.5
Items recognised directly in equity		
Actuarial losses on defined benefit pension plans	**4.4**	3.3
Cash flow hedges	**-**	4.9
Share-based payments	**3.8**	0.3
	8.2	8.5
Set-off of deferred tax liabilities	**(396.7)**	(229.2)
Net deferred tax assets	**36.3**	19.8
Changes in deferred tax assets were as follows:		
At 1 July	**19.8**	7.0
Credited to the income statement	**67.7**	7.5
Credited directly to equity	**0.3**	0.6
Acquisition of subsidiary	**-**	-
Offset against deferred tax liabilities	**(54.6)**	5.1
Currency variations	**3.1**	(0.4)
At 30 June	**36.3**	19.8

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, Brambles has unused tax losses of US$1,382.8 million (2010: US$569.0 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US$855.8 million (2010: US$395.0 million) of such losses.

The benefit for tax losses will only be obtained if:

- Brambles 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;
- Brambles continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect Brambles 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$527.0 million (2010: US$174.0 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US$376.5 million will expire between 2012 and 2022. All other losses may be carried forward indefinitely.

NOTE 9. INCOME TAX - CONTINUED

	2011 US$m	2010 US$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		
Accelerated depreciation for tax purposes	**716.4**	538.1
Other	**202.5**	99.3
	918.9	637.4
Items recognised in the statement of comprehensive income		
Cash flow hedges	**6.9**	-
	6.9	-
Set-off of deferred tax assets	**(396.7)**	(229.2)
Net deferred tax liabilities	**529.1**	408.2
Changes in deferred tax liabilities were as follows:		
At 1 July	**408.2**	449.9
Charged/(credited) to the income statement	**46.6**	(37.1)
Charged to the statement of comprehensive income	**2.1**	-
Acquisition of subsidiary	**89.5**	-
Offset against deferred tax asset	**(54.6)**	5.1
Currency variations	**37.3**	(9.7)
At 30 June	**529.1**	408.2

At reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised in the consolidated financial statements was US$2,253.5 million (2010: US$1,865.6 million). No liability has been recognised in respect of these temporary differences because Brambles is in a position to control distributions from subsidiaries and it is probable that such differences will not reverse in the foreseeable future. Unremitted earnings totalled US$2,554.3 million (2010: US$2,093.3 million), of which US$631.9 million (2010: US$170.9 million) relates to earnings post Unification.

E) TAX CONSOLIDATION

Brambles Limited and its Australian subsidiaries formed a tax consolidated group in 2006. Brambles 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 basis of allocation. Consequently, Brambles 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 Brambles Limited in respect of tax liabilities and the methodology by which subsidiaries in tax loss are to be compensated.

NOTE 10. EARNINGS PER SHARE

	2011 US cents	2010 US cents
Earnings per share		
- basic	**32.9**	31.8
- diluted	**32.7**	31.7
From continuing operations		
- basic	**32.6**	31.5
- diluted	**32.5**	31.4
- basic, on Underlying profit after finance costs and tax	**36.2**	31.9
From discontinued operations		
- basic	**0.3**	0.3
- diluted	**0.2**	0.3

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans 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 28.

	2011 million	2010 million
A) WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR		
Used in the calculation of basic earnings per share	**1,445.6**	1,411.3
Adjustment for share rights	**6.3**	5.9
Used in the calculation of diluted earnings per share	**1,451.9**	1,417.2

	2011 US$m	2010 US$m
B) RECONCILIATIONS OF PROFITS USED IN EPS CALCULATIONS		
Statutory profit		
Profit from continuing operations	**471.8**	443.9
Profit from discontinued operations	**3.6**	4.9
Profit used in calculating basic and diluted EPS	**475.4**	448.8
Underlying profit after finance costs and tax		
Underlying profit (Note 4)	**857.2**	733.4
Net finance costs (Note 8)	**(127.5)**	(109.6)
Underlying profit before tax	**729.7**	623.8
Tax expense on Underlying profit	**(206.1)**	(173.6)
Underlying profit after finance costs and tax	**523.6**	450.2
which reconciles to statutory profit:		
Underlying profit after finance costs and tax	**523.6**	450.2
Significant items after tax (Note 6)	**(51.8)**	(6.3)
Profit from continuing operations	**471.8**	443.9

NOTE 11. DIVIDENDS

	Interim 2011	Final 2010
A) DIVIDENDS DECLARED AND PAID DURING THE YEAR		
Dividend per share (in Australian cents)	13.0	12.5
Franked amount at 30% tax (in Australian cents)	2.6	2.5
Cost (in US$ million)	200.3	174.0
Payment date	14 April 2011	14 October 2010

	Final 2011
B) DIVIDEND DECLARED AFTER REPORTING DATE	
Dividend per share (in Australian cents)	**13.0**
Franked amount at 30% tax (in Australian cents)	**2.6**
Cost (in US$ million)	**197.9**
Payment date	**13 October 2011**
Dividend record date	**21 September 2011**

As this dividend had not been declared at the reporting date, it is not reflected in these financial statements. On 17 August 2011, Brambles suspended its Dividend Reinvestment Plan.

	2011 US$m	2010 US$m
C) FRANKING CREDITS		
Franking credits available for subsequent financial years based on a tax rate of 30%	**49.7**	34.2

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.

The final 2011 dividend has been franked at 20%.

Brambles has lodged private ruling requests with the Australian Taxation Office as a result of amendments to the Australian tax consolidation legislation that were enacted in June 2010. If these ruling requests are granted, Brambles will receive tax refunds relating to prior years and have reduced Australian tax obligations in future years. Depending on the outcome and timing of each ruling, Brambles may be unable to frank its future dividends in the short to medium term.

NOTE 12. DISCONTINUED OPERATIONS

These results include amortisation expense of US$5.7 million and closure costs of businesses discontinued during the year, offset by net favourable provision adjustments relating to divestments completed in 2007 and prior years. The impact of these adjustments on profit and cash flow are summarised below:

	2011 US$m	2010 US$m
Profit before tax	**0.9**	3.9
Tax benefit	**2.7**	1.0
Profit for the year from discontinued operations	**3.6**	4.9
Net cash outflow from operating activities	**(4.7)**	(1.2)

NOTE 13. BUSINESS COMBINATIONS

ACQUISITIONS

A) Unitpool AG

On 31 August 2010, Brambles acquired Unitpool AG, a leading independent provider of pooled containers and pallets used by airlines for the storage of passenger baggage and cargo, for an enterprise value of US$35 million, resulting in a net cash outflow of US$21.1 million.

B) Container and Pooling Solutions

On 4 January 2011, Brambles acquired Container and Pooling Solutions (CAPS), a USA-based provider of intermediate bulk containers and automotive containers for an enterprise value of US$16.4 million, resulting in a net cash outflow of US$15.2 million.

C) IFCO Systems NV

On 15 November 2010, Brambles announced its acquisition of IFCO Systems NV (IFCO) for an enterprise value of €923 million, subject to regulatory clearance. IFCO is a leading provider of pooled reusable plastic crates to the food supply chain worldwide, and pallet services in the USA.

Brambles took majority control of IFCO on 31 March 2011 following the completion of its sale and purchase agreements and the acquisition of shares under the public tender offer, resulting in a net cash outflow of US$1,000.6 million. Brambles owns 99.5% of IFCO's share capital and has commenced a mandatory buy-out of non-controlling shareholders so as to achieve 100% control. Brambles has recognised the non-controlling interest in IFCO at its proportionate share of the acquired net identifiable assets.

US$17.6 million of professional fees related to this acquisition have been expensed in 2011 as a Significant item.

For the period from 1 April 2011 to 30 June 2011, IFCO contributed revenue of US$230.1 million and profit after tax of US$16.3 million. These financial statements do not reflect revenue of US$607.5 million and profit after tax of US$33.1 million reported by IFCO for the period from 1 July 2010 to 31 March 2011, being prior to the date at which Brambles obtained control.

The fair value of the IFCO assets acquired, liabilities assumed and goodwill were as follows, based on preliminary acquisition accounting data which will be finalised by 31 March 2012:

	2011 US$m
Purchase consideration	**1,029.4**
Fair value of net identifiable assets acquired	**39.5**
Goodwill	**989.9**

The goodwill acquired is attributable to the profitability of the acquired business and anticipated synergies with CHEP's existing operations, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised.

NOTE 13. BUSINESS COMBINATIONS - CONTINUED

On acquisition of IFCO, assets acquired and liabilities assumed were:

	Fair value US$m
Cash and cash equivalents	**23.0**
Receivables	**250.9**
Inventories	**10.2**
Property, plant and equipment	**499.9**
Intangible assets	**210.9**
	994.9
Trade and other payables	**365.4**
Borrowings	**442.4**
Current and deferred tax liabilities	**92.4**
Provisions	**55.2**
	955.4
Net assets	**39.5**

	2011 US$m
Cash outflow on acquisition of IFCO was as follows:	
Purchase consideration	**1,029.4**
Less: cash and cash equivalents acquired	**(23.0)**
Less: deferred purchase consideration	**(5.8)**
Net cash outflow	**1,000.6**

D) JMI Aerospace Limited

On 9 June 2011, Brambles acquired JMI Aerospace Limited (JMI), a New Zealand-based provider of maintenance and repair services for non-flight critical aviation equipment, for an enterprise value of US$14.1 million, resulting in a net cash outflow of US$10.6 million.

E) Other

In addition to the above acquisitions, there were other minor acquisitions in 2011 with immaterial impact.

NOTE 14. CASH AND CASH EQUIVALENTS

	2011 US$m	2010 US$m
Cash at bank and in hand	**112.1**	120.2
Short term deposits	**26.4**	15.3
	138.5	135.5

Cash and cash equivalents include a balance of US$5.6 million (2010: US$0.7 million) used as security for various contingent liabilities and is not readily accessible. Short term deposits have initial maturities varying between 7 days and 3 months.

Refer to Note 30 for other financial instruments disclosures.

NOTE 15. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	**856.5**	507.8
Provision for doubtful receivables (A)	**(18.4)**	(9.0)
Net trade receivables	**838.1**	498.8
Other debtors	**149.5**	93.4
Accrued and unbilled revenue	**62.7**	39.4
	1,050.3	631.6
Non-current		
Other receivables	**9.6**	6.2

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. A provision of US$7.9 million (2010: US$2.9 million) has been recognised as an expense in the current year for specific trade and other receivables for which such evidence exists.

Movements in the provision for doubtful receivables were as follows:

At 1 July	**9.0**	11.7
Charge for the year	**7.9**	2.9
Amounts written off	**(3.7)**	(5.2)
Acquisition of subsidiaries	**4.9**	-
Foreign exchange differences	**0.3**	(0.4)
At 30 June	**18.4**	9.0

NOTE 15. TRADE AND OTHER RECEIVABLES - CONTINUED

	2011 US$m	2010 US$m
At 30 June, the ageing analysis of trade receivables by reference to due dates was as follows:		
Not past due	**645.4**	410.0
Past due 0-30 days but not impaired	**123.4**	70.7
Past due 31-60 days but not impaired	**35.6**	12.9
Past due 61-90 days but not impaired	**10.9**	5.2
Past 90 days but not impaired	**22.8**	-
Impaired	**18.4**	9.0
	856.5	507.8

At 30 June 2011, trade receivables of US$192.7 million (2010: US$88.8 million) were past due but not doubtful. These trade receivables comprise customers who have a good debt history and are considered recoverable.

At 30 June 2011, trade receivables of US$18.4 million (2010: US$9.0 million) were considered to be impaired. A provision of US$18.4 million (2010: US$9.0 million) has been recognised for doubtful receivables.

Other debtors primarily comprise GST/VAT recoverable, loss compensation receivables and certain balances arising from outside Brambles' ordinary business activities, such as deferred proceeds on sale of businesses and property, plant and equipment.

At 30 June 2011, other debtors of US$55.8 million (2010: US$35.3 million) were past due but not considered to be impaired. No specific collection issues have been identified with these receivables. An ageing of these receivables was as follows:

	2011 US$m	2010 US$m
Past due 0-30 days but not impaired	**6.1**	6.7
Past due 31-60 days but not impaired	**0.9**	3.3
Past due 61-90 days but not impaired	**1.0**	3.8
Past 90 days but not impaired	**47.8**	21.5
	55.8	35.3

At 30 June 2011, there were no balances within other debtors that were considered to be impaired (2010: nil). No provision has been recognised (2010: nil).

Refer to Note 30 for other financial instruments disclosures.

NOTE 16. INVENTORIES

	2011 US$m	2010 US$m
Raw materials and consumables	**34.1**	26.0
Work in progress	**9.5**	7.5
Finished goods	**12.9**	-
	56.5	33.5

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 US$m	2010 US$m	2011 US$m	2010 US$m
	Current assets		Current liabilities	
Interest rate swaps - cash flow hedges	**0.1**	-	**5.7**	8.1
Interest rate swaps - fair value hedges	**9.6**	8.4	**-**	-
Forward foreign exchange contracts - cash flow hedges	**-**	-	**0.3**	0.2
Forward foreign exchange contracts - held for trading	**1.6**	6.1	**0.1**	3.9
	11.3	14.5	**6.1**	12.2
	Non-current assets		Non-current liabilities	
Interest rate swaps - cash flow hedges	**-**	0.1	**3.2**	7.1
Interest rate swaps - fair value hedges	**13.1**	11.5	**-**	3.0
Embedded derivatives	**1.0**	0.4	**-**	-
	14.1	12.0	**3.2**	10.1

Refer to Note 30 for other financial instruments disclosures.

NOTE 18. OTHER ASSETS

	2011 US$m	2010 US$m
Current		
Prepayments	**40.8**	36.8
Current tax receivable	**16.1**	16.3
	56.9	53.1
Non-current		
Prepayments	**0.7**	0.7

NOTE 19. INVESTMENTS

A) JOINT VENTURES

Brambles has investments in the following unlisted jointly controlled entities, which are accounted for using the equity method.

Name (and nature of business)	Place of incorporation	% interest held at reporting date June 2011	June 2010
CISCO - Total Information Management Pte. Limited (Information management)	Singapore	**49%**	49%
Recall Becker GmbH & Co. KG (Document management services)	Germany	**50%**	50%

	2011 US$m	2010 US$m
B) MOVEMENT IN CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURES		
At 1 July	**14.0**	13.8
Share of results after income tax (Note 19C)	**6.4**	5.8
Dividends received/receivable	**(5.6)**	(5.9)
Foreign exchange differences	**2.0**	0.3
At 30 June	**16.8**	14.0

	2011 US$m	2010 US$m
C) SHARE OF RESULTS OF JOINT VENTURES		
Trading revenue	**14.5**	12.5
Expenses	**(6.8)**	(5.6)
Profit from ordinary activities before tax	**7.7**	6.9
Tax expense on ordinary activities	**(1.3)**	(1.1)
Profit for the year	**6.4**	5.8
D) SHARE OF ASSETS AND LIABILITIES OF JOINT VENTURES		
Current assets	**4.8**	3.7
Non-current assets	**16.5**	14.2
Total assets	**21.3**	17.9
Current liabilities	**3.5**	3.0
Non-current liabilities	**1.0**	0.9
Total liabilities	**4.5**	3.9
Net assets - continuing operations	**16.8**	14.0
E) SHARE OF COMMITMENTS AND CONTINGENT LIABILITIES OF JOINT VENTURES		
Contingent liabilities	**0.5**	0.5
Lease commitments	**2.4**	1.8
Total - continuing operations	**2.9**	2.3

NOTE 20. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$m	Plant and equipment US$m	Total US$m
At 1 July 2009			
Cost	129.0	5,566.9	5,695.9
Accumulated depreciation	(54.3)	(2,200.0)	(2,254.3)
Net carrying amount	74.7	3,366.9	3,441.6
Year ended 30 June 2010			
Opening net carrying amount	74.7	3,366.9	3,441.6
Additions	8.2	494.1	502.3
Disposals	(2.2)	(58.1)	(60.3)
Other transfers	4.0	(30.4)	(26.4)
Depreciation charge	(6.8)	(398.7)	(405.5)
Irrecoverable pooling equipment provision expense	-	(111.2)	(111.2)
Foreign exchange differences	(4.3)	(112.4)	(116.7)
Closing net carrying amount	73.6	3,150.2	3,223.8
At 30 June 2010			
Cost	130.4	5,287.8	5,418.2
Accumulated depreciation	(56.8)	(2,137.6)	(2,194.4)
Net carrying amount	73.6	3,150.2	3,223.8
Year ended 30 June 2011			
Opening net carrying amount	**73.6**	**3,150.2**	**3,223.8**
Additions	**29.2**	**792.7**	**821.9**
Acquisition of subsidiaries	**4.0**	**515.9**	**519.9**
Disposals	**(3.0)**	**(61.1)**	**(64.1)**
Other transfers	**(2.3)**	**(5.1)**	**(7.4)**
Depreciation charge	**(5.7)**	**(429.8)**	**(435.5)**
Irrecoverable pooling equipment provision expense	**-**	**(104.9)**	**(104.9)**
Impairment of property, plant and equipment	**-**	**(14.5)**	**(14.5)**
Foreign exchange differences	**11.0**	**328.8**	**339.8**
Closing net carrying amount	**106.8**	**4,172.2**	**4,279.0**
At 30 June 2011			
Cost	**182.5**	**6,986.2**	**7,168.7**
Accumulated depreciation	**(75.7)**	**(2,814.0)**	**(2,889.7)**
Net carrying amount	**106.8**	**4,172.2**	**4,279.0**

The net carrying amounts above include plant and equipment held under finance lease US$67.6 million (2010: US$1.2 million); leasehold improvements US$9.0 million (2010: US$6.4 million); and capital work in progress US$21.1 million (2010: US$17.6 million).

NOTE 21. GOODWILL

	2011 US$m	2010 US$m
A) NET CARRYING AMOUNTS AND MOVEMENTS DURING THE YEAR		
At 1 July		
Carrying amount	**607.0**	612.3
Year ended 30 June		
Opening net carrying amount	**607.0**	612.3
Acquisition of subsidiaries	**1,021.8**	-
Foreign exchange differences	**65.5**	(5.3)
Closing net carrying amount	**1,694.3**	607.0
At 30 June		
Gross carrying amount	**1,694.3**	607.0
Accumulated impairment	**-**	-
Net carrying amount	**1,694.3**	607.0

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 Brambles' cash generating assets. A segment-level summary of the goodwill allocation is presented as follows:

	2011 US$m	2010 US$m
CHEP Americas	**56.8**	51.4
CHEP EMEA	**60.8**	36.4
CHEP Asia-Pacific	**42.1**	25.9
Total CHEP	**159.7**	113.7
IFCO	**985.2**	-
Recall	**549.4**	493.3
Total goodwill	**1,694.3**	607.0

C) RECOVERABLE AMOUNT TESTING - CONTINUING OPERATIONS

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 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 following describes the key assumptions on which management has based its cash flow projections:

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.

Growth rates

Growth rates ranging from nil to 4% were used beyond the period covered in the financial projections. They are based on management's expectations for future performance and do not normally exceed the long term growth rate for the business in which the CGU operates.

Terminal value

The terminal value calculated after 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.

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. WACCs ranged between 10.1% and 25.0%.

Sensitivity

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

NOTE 22. INTANGIBLE ASSETS

	Software US$m	Other[1] US$m	Total US$m
At 1 July 2009			
Gross carrying amount	307.9	160.2	468.1
Accumulated amortisation	(230.7)	(74.4)	(305.1)
Net carrying amount	77.2	85.8	163.0
Year ended 30 June 2010			
Opening carrying amount	77.2	85.8	163.0
Additions	22.8	11.6	34.4
Disposals	(0.1)	(0.1)	(0.2)
Amortisation charge	(24.2)	(14.3)	(38.5)
Foreign exchange differences	(1.7)	1.6	(0.1)
Closing carrying amount	74.0	84.6	158.6
At 30 June 2010			
Gross carrying amount	317.3	172.1	489.4
Accumulated amortisation	(243.3)	(87.5)	(330.8)
Net carrying amount	74.0	84.6	158.6
Year ended 30 June 2011			
Opening carrying amount	**74.0**	**84.6**	**158.6**
Additions	**36.2**	**8.2**	**44.4**
Acquisition of subsidiaries	**1.4**	**226.5**	**227.9**
Disposals	**(0.1)**	**(0.4)**	**(0.5)**
Amortisation charge	**(30.0)**	**(20.0)**	**(50.0)**
Foreign exchange differences	**4.8**	**18.5**	**23.3**
Closing carrying amount	**86.3**	**317.4**	**403.7**
At 30 June 2011			
Gross carrying amount	**371.5**	**434.0**	**805.5**
Accumulated amortisation	**(285.2)**	**(116.6)**	**(401.8)**
Net carrying amount	**86.3**	**317.4**	**403.7**

[1] Other intangible assets primarily comprise acquired customer relationships, customer lists and agreements.

NOTE 23. TRADE AND OTHER PAYABLES

	2011 US$m	2010 US$m
Current		
Trade payables	**569.8**	305.7
GST/VAT, refundable deposits and other payables	**255.9**	70.2
Accruals and deferred income	**438.6**	305.5
	1,264.3	681.4
Non-current		
Other liabilities	**27.0**	20.9

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

Refer to Note 30 for other financial instruments disclosures.

NOTE 24. BORROWINGS

	2011 US$m	2010 US$m
Current		
Unsecured:		
- bank overdraft	**58.1**	12.2
- bank loans[1]	**34.0**	240.3
- loan notes[2]	**169.3**	-
- accrued interest on loan notes[2,3,4,6]	**29.5**	22.9
- finance lease liabilities (Note 32)	**26.2**	0.6
- other loans	**8.5**	-
	325.6	276.0
Non-current		
Unsecured:		
- bank loans[1]	**920.6**	324.5
- loan notes[2,3,4,5,6]	**1,847.4**	1,293.7
- finance lease liabilities (Note 32)	**41.4**	0.6
- other loans	**2.3**	-
	2,811.7	1,618.8
Total borrowings	**3,137.3**	1,894.8

1 Unsecured bank loans include the following: (i) revolving loans in various currencies priced off LIBOR and drawn under multi-currency global banking facilities with a range of maturities out to June 2016; and (ii) various regional banking facilities providing local currency funding to certain subsidiaries. Included in bank loans are borrowings of US$507.0 million (2010: US$61.5 million) which have been designated as a hedge of the net investment in Brambles' European subsidiaries and are being used to partially hedge Brambles' exposure to foreign exchange risks on these investments.

2 Notes issued in August 2004 in respect of US$425.0 million US private placement. The terms of the note are (i) Series A US$171.0 million 5.39% Guaranteed Senior Unsecured Notes due 4 August 2011; (ii) Series B US$157.5 million 5.77% Guaranteed Senior Unsecured Notes due 4 August 2014; and (iii) Series C US$96.5 million 5.94% Guaranteed Senior Unsecured Notes due 4 August 2016.

3 Notes issued in May 2009 in respect of US$110.0 million US private placement. The terms of the note are (i) Series A US$35.0 million 7.29% Guaranteed Senior Unsecured Notes due 7 May 2014; (ii) Series B US$55.0 million 7.83% Guaranteed Senior Unsecured Notes due 7 May 2016; and (iii) Series C US$20.0 million 8.23% Guaranteed Senior Unsecured Notes due 7 May 2019.

4 Notes issued in March 2010 to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act. The terms of the notes are (i) US$250.0 million 3.95% Guaranteed Senior Notes due 1 April 2015; and (ii) US$500.0 million 5.35% Guaranteed Senior Notes due 1 April 2020.

5 US$450.0 million of loan notes have been hedged with interest rate swaps for fair value risk. In accordance with AASB 139, the carrying value of the notes have been adjusted by US$20.3 million (2010: US$14.4 million) in relation to changes in fair value attributable to the hedged risk.

6 Notes issued in April 2011 in the European bond market in respect of €500.0 million of 4.625% Guaranteed Senior Notes due 20 April 2018.

Refer to Note 30 for other financial instruments disclosures

NOTE 24. BORROWINGS - CONTINUED

	2011 US$m	2010 US$m
A) BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS		
Total facilities:		
- committed borrowing facilities	**2,434.2**	2,481.0
- loan notes	**2,008.2**	1,285.0
- credit standby/uncommitted/overdraft arrangements	**271.5**	151.2
	4,713.9	3,917.2
Facilities used at reporting date:[1]		
- committed borrowing facilities	**1,000.6**	534.4
- loan notes	**2,008.2**	1,285.0
- credit standby/uncommitted/overdraft arrangements	**86.3**	43.8
	3,095.1	1,863.2
Facilities available at reporting date:		
- committed borrowing facilities	**1,433.6**	1,946.6
- credit standby/uncommitted/overdraft arrangements	**185.2**	107.4
	1,618.8	2,054.0

Borrowing facilities are arranged by Brambles on behalf of its subsidiaries. Funding is generally sourced from relationship banks and debt capital market investors on a medium to long term basis. The expiry dates of committed borrowing facilities range out to June 2016 with loan notes having maturities out to April 2020. The average term to maturity of the committed borrowing facilities and the loan notes is equivalent to 4.1 years (2010: 3.6 years). These facilities are unsecured and are guaranteed as described in Note 38B.

B) BORROWING FACILITIES MATURITY PROFILE

		US$m		
Maturity	**Type**	**Total facilities**	**Facilities used[1]**	**Facilities available**
2011				
Less than 1 year	Bank loans/loan notes/overdrafts/finance leases/other loans	**477.2**	**292.0**	**185.2**
1 - 2 years	Bank loans/finance leases/other loans	**405.1**	**182.6**	**222.5**
2 - 3 years	Bank loans/loan notes/finance leases/other loans	**1,475.3**	**708.2**	**767.1**
3 - 4 years	Bank loans/loan notes/finance leases/other loans	**525.3**	**515.3**	**10.0**
4 - 5 years	Bank loans/loan notes/finance leases	**491.3**	**57.3**	**434.0**
Over 5 years	Loan notes	**1,339.7**	**1,339.7**	**-**
		4,713.9	**3,095.1**	**1,618.8**
2010				
Less than 1 year	Bank loans/overdrafts	460.8	249.0	211.8
1 - 2 years	Bank loans/loan notes	763.9	271.5	492.4
2 - 3 years	Bank loans	677.4	117.8	559.6
3 - 4 years	Bank loans/loan notes	936.1	145.9	790.2
4 - 5 years	Loan notes	407.5	407.5	-
Over 5 years	Loan notes	671.5	671.5	-
		3,917.2	1,863.2	2,054.0

[1] Facilities used represents the principal value of loan notes and borrowings debited against the relevant facilities to reflect the correct amount of funding headroom. This amount differs by US$42.2 million (2010: US$31.6 million) from loan notes and borrowings as shown in the balance sheet which are measured on the basis of amortised cost as determined under the effective interest method and include accrued interest, transaction costs and fair value adjustments on certain hedging instruments.

NOTE 25. PROVISIONS

	Employee entitlements US$m	Business disposals US$m	Other US$m	Total US$m
At 1 July 2010				
Current	49.1	8.1	30.0	87.2
Non-current	8.3	10.6	15.1	34.0
	57.4	**18.7**	**45.1**	**121.2**
Charge to income statement:				
- additional provisions	**74.1**	**-**	**60.7**	**134.8**
- unused amounts reversed	**-**	**(10.9)**	**-**	**(10.9)**
Utilisation of provision	**(61.9)**	**(2.1)**	**(47.6)**	**(111.6)**
Acquisition of subsidiaries	**5.8**	**-**	**50.8**	**56.6**
Currency variations	**10.6**	**3.0**	**5.6**	**19.2**
At 30 June 2011	**86.0**	**8.7**	**114.6**	**209.3**
Current	**78.5**	**8.3**	**102.5**	**189.3**
Non-current	**7.5**	**0.4**	**12.1**	**20.0**

Employee entitlements provision comprises US$12.8 million (2010: US$8.8 million) for long service leave, US$2.1 million (2010: US$1.6 million) for phantom shares and US$71.1 million (2010: US$47.0 million) for bonuses and other employee-related obligations (other than those resulting from pension plans). None of these amounts related to phantom shares which had vested at reporting date. US$5.3 million (2010: US$0.5 million) of the long service leave provision has been recognised as current as it is expected to be settled within one year from reporting date. The remaining balance of long service leave of US$7.5 million (2010: US$8.3 million) is expected to settle within the next two to ten years and has been discounted to present value.

Business disposals provision is in respect of divestments completed in 2007 and prior years.

Other provisions comprise US$25.0 million (2010: US$22.4 million) for restructuring and integration costs, US$26.4 million (2010: US$1.3 million) for litigation and customer disputes and US$63.2 million (2010: US$21.4 million) for other known exposures.

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS

A) DEFINED CONTRIBUTION PLANS

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

US$22.9 million (2010: US$19.9 million) representing contributions paid and payable to these plans by Brambles at rates specified in the rules of the plans relating to continuing operations has been recognised as an expense in the income statement.

B) DEFINED BENEFIT PLANS

Brambles operates a number of defined benefit pension plans, which are closed to new entrants. The majority of the plans are self-administered and the plans' assets are held independently of Brambles' finances. Under the plans, members are entitled to retirement benefits based upon a percentage of final salary. No other post-retirement benefits are provided. The plans are funded plans.

The plan assets and the present value of the defined benefit obligation recognised in Brambles' balance sheet are based upon the most recent formal actuarial valuations which have been updated to 30 June 2011 by independent professionally qualified actuaries and take account of the requirements of AASB 119. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

In addition to the principal defined benefit plans included in disclosures below, Brambles has a number of other arrangements in several countries that are either defined benefit pension plans or have certain defined benefit characteristics. Each of these arrangements has been assessed as immaterial separately and in aggregate and they have not been subjected to an independent AASB 119 valuation.

C) BALANCE SHEET AMOUNTS

The amounts recognised in Brambles' balance sheet in respect of defined benefit plans were as follows:

	2011 US$m	2010 US$m
Present value of defined benefit obligations	**239.6**	211.1
Fair value of plan assets	**(202.2)**	(160.7)
Net liability recognised in the balance sheet	**37.4**	50.4

Brambles has no legal obligation to settle this liability with an immediate contribution or additional one-off contributions. Brambles intends to continue to make contributions to the plans at the rates recommended by the funds' actuaries. Refer Note 26(I).

D) INCOME STATEMENT AMOUNTS

The amounts recognised in Brambles' income statement in respect of defined benefit plans were as follows:

Current service cost	**3.7**	3.5
Interest cost	**12.8**	12.2
Expected return on plan assets	**(10.8)**	(10.3)
Changes arising from curtailments and settlements	**0.7**	-
Net benefit expense included in employment cost (Note 7)	**6.4**	5.4

E) STATEMENT OF COMPREHENSIVE INCOME

Actuarial gains/(losses) reported in the consolidated statement of comprehensive income	**13.9**	(5.9)
Cumulative actuarial losses recognised	**(4.4)**	(18.3)

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

F) DEFINED BENEFIT OBLIGATION

	2011 US$m	2010 US$m
Changes in the present value of the defined benefit obligation were as follows:		
At 1 July	**211.1**	196.0
Current service cost	**3.7**	3.5
Interest cost	**12.8**	12.2
Contributions from plan members	**0.7**	0.7
Actuarial gains and losses	**(2.2)**	19.3
Currency variations	**20.1**	(13.8)
Benefits paid	**(7.3)**	(6.8)
Curtailments	**0.7**	-
At 30 June	**239.6**	211.1

All Brambles' defined benefit pension arrangements are closed to new entrants. Under the projected unit method, the current service cost of these arrangements will increase as a percentage of payroll as the members of the plan approach retirement.

G) PLAN ASSETS

	2011 Fair value		2010 Fair value	
	US$m	%	US$m	%
Assets held in the plans fell within the following categories:				
Equities	**96.5**	**47.7**	68.6	42.7
Bonds/gilts	**51.0**	**25.2**	53.0	33.0
Insurance bonds	**5.0**	**2.5**	3.9	2.4
Cash	**19.6**	**9.7**	20.3	12.6
Other	**30.1**	**14.9**	14.9	9.3
	202.2	**100.0**	160.7	100.0

	2011 US$m	2010 US$m
Changes in the fair value of the plan assets were as follows:		
At 1 July	**160.7**	145.2
Expected return on plan assets	**10.9**	10.3
Actuarial gains and losses	**11.7**	13.4
Currency variations	**15.1**	(9.2)
Contributions from sponsoring employers	**10.4**	7.1
Contributions from plan members	**0.7**	0.7
Benefits paid	**(7.3)**	(6.8)
At 30 June	**202.2**	160.7

The actual return on plan assets was US$22.7 million (2010: US$23.7 million).

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

H) PRINCIPAL ACTUARIAL ASSUMPTIONS

Principal actuarial assumptions (expressed as weighted averages) used in determining Brambles' defined benefit obligations were:

	UK	other than UK	South Africa
At 30 June 2011			
Rate of increase in salaries	**4.7%**	**3.3%**	**5.8%**
Rate of increase in pensions	**3.8%**	**2.8%**	**5.8%**
Discount rate	**5.5%**	**5.1%**	**8.5%**
Retail price inflation	**2.8%**	**2.0%**	**5.8%**
Return on equities	**8.0%**	**6.8%**	**5.0%**
Return on bonds	**5.5%**	**3.9%**	**8.5%**
Return on cash	**1.0%**	**2.0%**	**7.0%**
At 30 June 2010			
Rate of increase in salaries	4.4%	3.3%	5.8%
Rate of increase in pensions	3.4%	2.8%	5.8%
Discount rate	5.3%	4.6%	9.0%
Retail price inflation	3.4%	2.0%	5.8%
Return on equities	7.5%	6.8%	10.0%
Return on bonds	5.3%	3.6%	9.0%
Return on cash	1.0%	2.0%	6.0%

The expected return on plan assets is based on market expectations at the beginning of the period for returns over the entire life of the benefit obligation.

I) EMPLOYER CONTRIBUTIONS

During the year, employer contributions to the main defined benefit plans ranged between 15% and 26% of pensionable pay.

The obligation to contribute to the various defined benefit plans is covered by trust deeds and/or legislation. Funding levels and contributions for these plans are based on regular actuarial advice. Comprehensive actuarial valuations are made at no more than three yearly intervals. Additional annual contributions of US$3.5 million (2010: US$3.1 million) are being paid to remove the identified deficits over a period of 6 years.

Contributions paid to the plans during 2011 were US$10.4 million (2010: US$7.1 million), all of which related to continuing operations. It is estimated that the amount of contributions to be paid to the plans during 2012 will be US$8.9 million.

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

J) HISTORICAL SUMMARY

	2011 US$m	2010 US$m	2009 US$m	2008 US$m	2007 US$m
The history of the defined benefit plan deficit at the end of each year is as follows:					
- plan liabilities	**(239.6)**	(211.1)	(196.0)	(242.5)	(216.8)
- plan assets	**202.2**	160.7	145.2	179.1	187.2
Net liability recognised in the balance sheet	**(37.4)**	(50.4)	(50.8)	(63.4)	(29.6)
The history of favourable/(unfavourable) experience adjustments made in each year is as follows:					
- on plan liabilities	**2.2**	(19.3)	23.4	(13.9)	(17.2)
- on plan assets	**11.7**	13.4	(26.3)	(20.7)	17.2
Net favourable/(unfavourable) adjustment	**13.9**	(5.9)	(2.9)	(34.6)	-

NOTE 27. CONTRIBUTED EQUITY

	Shares	US$m
Total ordinary shares, of no par value, issued and fully paid:		
At 1 July 2009	1,401,869,039	13,847.6
Issued during the year	2,048,065	11.8
Issued during the year under the Dividend Reinvestment Plan	18,312,603	120.2
At 30 June 2010	1,422,229,707	13,979.6
At 1 July 2010	**1,422,229,707**	**13,979.6**
Issued during the year	**32,770,055**	**240.8**
Issued during the year under the Dividend Reinvestment Plan	**24,367,692**	**149.8**
At 30 June 2011	**1,479,367,454**	**14,370.2**

Ordinary shares of Brambles 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 28. SHARE-BASED PAYMENTS

The Remuneration Report sets out details relating to the Brambles share plans (pages 52 to 53), together with details of performance share rights and MyShare matching conditional rights issued to Executive Directors and other Key Management Personnel (pages 48 to 49). Rights granted by Brambles do not result in an entitlement to participate in share issues of any other corporation.

Set out below are summaries of rights granted under the plans.

A) GRANTS OVER BRAMBLES LIMITED SHARES ISSUED SUBSEQUENT TO UNIFICATION

Grant date	Expiry date	Balance at 1 July	Granted during the year	Exercised during the year	Forfeited/ lapsed during the year	Balance at 30 June
2011						
Performance share rights						
19 Jan 2007	31 Aug 2012	129,307	-	(39,140)	-	90,167
29 Aug 2007	30 Aug 2013	1,607,224	-	(500,798)	(909,567)	196,859
19 Mar 2008	2 Mar 2014	36,365	-	(36,365)	-	-
28 Apr 2008	29 Apr 2014	125,250	-	(116,500)	(4,000)	4,750
27 Aug 2008	27 Aug 2014	2,910,777	-	(48,228)	(84,710)	2,777,839
1 Jun 2009	1 Jun 2011	27,112	-	(27,112)	-	-
16 Nov 2009	19 Oct 2010	60,092	-	(60,092)	-	-
25 Nov 2009	26 Nov 2015	3,489,464	-	(8,029)	(212,373)	3,269,062
12 Apr 2010	12 Apr 2013	22,902	-	-	-	22,902
24 Nov 2010	24 Nov 2016	-	4,429,520	-	-	4,429,520
21 Feb 2011	21 Feb 2014	-	32,906	-	-	32,906
31 Mar 2011	30 Jun 2014	-	732,095	-	-	732,095
MyShare matching conditional rights						
2009 Plan Year	31 Mar 2011	525,534	-	(490,354)	(35,180)	-
2010 Plan Year	31 Mar 2012	191,933	392,312	(12,028)	(45,740)	526,477
2011 Plan Year	31 Mar 2013	-	209,804	(268)	(3,298)	206,238
Total rights		**9,125,960**	**5,796,637**	**(1,338,914)**	**(1,294,868)**	**12,288,815**
2010 (summarised)						
Total rights		8,222,331	4,219,025	(1,125,455)	(2,189,941)	9,125,960

Of the above grants, 291,776 rights were exercisable at 30 June 2011.

		2011	2010
Weighted average data:			
- fair value at grant date of grants made during the year	A$	**5.46**	5.16
- share price at exercise date of grants exercised during the year	A$	**6.68**	7.08
- remaining contractual life at 30 June	years	**4.1**	3.0

NOTE 28. SHARE-BASED PAYMENTS - CONTINUED

B) GRANTS OVER BIL OR BIP SHARES PRE-UNIFICATION, NOW OVER BRAMBLES LIMITED SHARES

Grant date	Expiry Date		Balance at 1 July	Granted during the year	Exercised during the year	Forfeited/ lapsed during the year	Balance at 30 June
2011							
Performance share rights							
8 Sep 2004	8 Sep 2010		12,000	-	(12,000)	-	-
8 Sep 2004	9 Sep 2010		12,000	-	(12,000)	-	-
21 Oct 2005	21 Oct 2011		22,800	-	(12,450)	-	10,350
21 Oct 2005	22 Oct 2011		11,608	-	(4,417)	-	7,191
Total rights			**58,408**	**-**	**(40,867)**	**-**	**17,541**
2010 (summarised)							
Total options			601,034	-	(601,034)	-	-
Total rights			347,034	-	(265,117)	(23,509)	58,408
Total			948,068	-	(866,151)	(23,509)	58,408
Weighted average exercise price of options:							
- previously over BIL shares		A$	5.08	-	5.08	-	-
- previously over BIP shares		£	1.90	-	1.90	-	-

Of the above grants, 17,541 rights were exercisable at 30 June 2011.

		2011	2010
Weighted average data:			
- share price at exercise date of grants exercised during the year	A$	**6.43**	7.33
	£	**3.86**	3.95
- remaining contractual life at 30 June	years	**0.3**	0.7-0.9

There were 80,443 grants, 56,476 exercises and 1,731,920 forfeits in performance share rights and MyShare matching conditional rights over Brambles Limited shares between the end of the financial year and 15 August 2011.

C) FAIR VALUE CALCULATIONS

The fair value of equity-settled performance share rights and MyShare matching conditional 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.
The significant inputs into the valuation models for the equity-settled grants made during the year were:

	2011 Grants	2010 Grants
Weighted average share price	**A$6.76**	A$6.59
Expected volatility	**31%**	38%
Expected life	**3.0 years**	3.0 years
Annual risk-free interest rate	**5.16%**	4.86%
Expected dividend yield	**3.70%**	3.75%

The expected volatility was determined based on a four-year historic volatility of Brambles' share prices.

D) SHARE-BASED PAYMENT EXPENSE - CONTINUING OPERATIONS

Brambles recognised a total expense of US$13.638 million (2010: US$11.146 million) relating to share-based payments, all within continuing operations. Of this amount, US$0.432 million related to phantom share provisions (2010: US$0.472 million).

NOTE 29. RESERVES AND RETAINED EARNINGS

	2011 US$m	2010 US$m
Reserves	**(14,716.8)**	(15,007.4)
Retained earnings	**2,797.6**	2,660.1
	(11,919.2)	(12,347.3)
Non-controlling interests in reserves and retained earnings	**0.4**	0.3

A) MOVEMENTS IN RESERVES AND RETAINED EARNINGS

	Reserves						
	Hedging US$m	Share-based payment US$m	Foreign currency translation US$m	Unification US$m	Other US$m	Total US$m	Retained earnings US$m
Year ended 30 June 2010							
Opening balance	(9.5)	71.1	218.2	(15,385.8)	167.3	(14,938.7)	2,520.1
Actuarial loss on defined benefit plans	-	-	-	-	-	-	(4.6)
Foreign exchange differences	-	-	(71.2)	-	-	(71.2)	-
Cash flow hedges:							
- fair value losses	(10.6)	-	-	-	-	(10.6)	-
- tax on fair value losses	4.1	-	-	-	-	4.1	-
- transfers to net profit	12.3	-	-	-	-	12.3	-
- transfers to property, plant and equipment	(0.3)	-	-	-	-	(0.3)	-
- tax on transfers to net profit	(4.6)	-	-	-	-	(4.6)	-
Share-based payments:							
- expense recognised during the year	-	10.7	-	-	-	10.7	-
- shares issued	-	(9.1)	-	-	-	(9.1)	-
Dividends declared	-	-	-	-	-	-	(304.2)
Net profit for the year	-	-	-	-	-	-	448.8
Closing balance	(8.6)	72.7	147.0	(15,385.8)	167.3	(15,007.4)	2,660.1
Year ended 30 June 2011							
Opening balance	**(8.6)**	**72.7**	**147.0**	**(15,385.8)**	**167.3**	**(15,007.4)**	**2,660.1**
Actuarial loss on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**10.3**
Foreign exchange differences	**-**	**-**	**279.0**	**-**	**-**	**279.0**	**-**
Cash flow hedges:							
- fair value losses	**(1.9)**	**-**	**-**	**-**	**-**	**(1.9)**	**-**
- tax on fair value losses	**0.6**	**-**	**-**	**-**	**-**	**0.6**	**-**
- transfers to net profit	**7.7**	**-**	**-**	**-**	**-**	**7.7**	**-**
- transfers to property, plant and equipment	**0.3**	**-**	**-**	**-**	**-**	**0.3**	**-**
- tax on transfers to net profit	**(2.9)**	**-**	**-**	**-**	**-**	**(2.9)**	**-**
Share-based payments:							
- expense recognised during the year	**-**	**13.2**	**-**	**-**	**-**	**13.2**	**-**
- shares issued	**-**	**(9.2)**	**-**	**-**	**-**	**(9.2)**	**-**
- equity component of related tax	**-**	**3.8**	**-**	**-**	**-**	**3.8**	**-**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**(348.1)**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**475.3**
Closing balance	**(4.8)**	**80.5**	**426.0**	**(15,385.8)**	**167.3**	**(14,716.8)**	**2,797.6**

NOTE 29. RESERVES AND RETAINED EARNINGS - CONTINUED

B) NATURE AND PURPOSE OF RESERVES

Hedging reserve

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

Share-based payments reserve

This comprises the cumulative share-based payment expense recognised in the income statement in relation to equity-settled options and share rights issued but not yet exercised. Refer to Note 28 for further details.

Foreign currency translation reserve

This comprises cumulative exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of qualifying net investment hedges. The relevant accumulated balance is recognised in the income statement on disposal of a foreign subsidiary.

Unification reserve

On Unification, Brambles Limited issued shares on a one-for-one basis to those Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) shareholders who did not elect to participate in the Cash Alternative. The Unification reserve of US$15,385.8 million represents the difference between the Brambles Limited share capital measured at fair value on 4 December 2006, and the carrying value of the share capital of BIL and BIP at that date.

Other

This comprises a merger reserve created in 2001 and a capital redemption reserve created in 2006.

NOTE 30. FINANCIAL RISK MANAGEMENT

Brambles 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.

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

Brambles uses standard derivative financial instruments to manage its risk exposure in the normal course of business. Brambles does not trade in financial instruments for speculative purposes. Hedging activities are conducted through Brambles' 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 Treasury & Risk Review on pages 12 to 13.

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 loans and receivables and derivatives designated as hedging instruments, all financial assets are classified as financial assets at fair value through profit or loss.

	Carrying amount		Fair value	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m
Financial assets				
- cash at bank and in hand (Note 14)	**112.1**	120.2	**112.1**	120.2
- short term deposits (Note 14)	**26.4**	15.3	**26.4**	15.3
- trade receivables (Note 15)	**838.1**	498.8	**838.1**	498.8
- interest rate swaps (Note 17)	**22.8**	20.0	**22.8**	20.0
- embedded derivatives (Note 17)	**1.0**	0.4	**1.0**	0.4
- forward foreign currency contracts (Note 17)	**1.6**	6.1	**1.6**	6.1
Financial liabilities				
- trade payables (Note 23)	**569.8**	305.7	**569.8**	305.7
- bank overdrafts (Note 24)	**58.1**	12.2	**58.1**	12.2
- bank loans (Note 24)	**954.6**	564.8	**954.6**	564.8
- loan notes (Note 24)	**2,046.2**	1,316.6	**2,103.8**	1,360.0
- finance lease liabilities (Note 24)	**67.6**	1.2	**67.6**	1.2
- other loans (Note 24)	**10.8**	-	**10.8**	-
- interest rate swaps (Note 17)	**8.9**	18.2	**8.9**	18.2
- forward foreign currency contracts (Note 17)	**0.4**	4.1	**0.4**	4.1

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

A) FAIR VALUES - CONTINUED

Brambles 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.

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

	2011				2010			
	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								
- interest rate swaps	**-**	**22.8**	**-**	**22.8**	-	20.0	-	20.0
- embedded derivatives	**-**	**1.0**	**-**	**1.0**	-	0.4	-	0.4
- forward foreign currency contracts	**-**	**1.6**	**-**	**1.6**	-	6.1	-	6.1
Derivative financial liabilities								
- interest rate swaps	**-**	**8.9**	**-**	**8.9**	-	18.2	-	18.2
- forward foreign currency contracts	**-**	**0.4**	**-**	**0.4**	-	4.1	-	4.1

The fair values of derivatives designated as hedging instruments are determined using valuation techniques that are based on observable market data. For forward foreign exchange contracts, the net fair value is taken to be the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity dates. 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.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK

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

Interest rate risk

Brambles' exposure to potential volatility in finance costs, predominantly US dollars 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:

	2011 US$m	2010 US$m
Financial assets (floating rate)		
Cash at bank	**112.1**	120.2
Short term deposits	**26.4**	15.3
	138.5	135.5
Weighted average effective interest rate	**1.6%**	1.3%
Financial liabilities (floating rate)		
Bank overdrafts	**58.1**	12.2
Bank loans	**954.6**	564.8
Interest rate swaps (notional value) - cash flow hedges	**(272.3)**	(460.9)
Interest rate swaps (notional value) - fair value hedges	**450.0**	450.0
Net exposure to cash flow interest rate risk	**1,190.4**	566.1
Weighted average effective interest rate	**3.7%**	3.0%
Financial liabilities (fixed rate)		
Loan notes	**2,046.2**	1,316.6
Finance lease liabilities	**67.6**	1.2
Other loans	**10.8**	-
Interest rate swaps (notional value) - cash flow hedges	**272.3**	460.9
Interest rate swaps (notional value) - fair value hedges	**(450.0)**	(450.0)
Net exposure to fair value interest rate risk	**1,946.9**	1,328.7
Weighted average effective interest rate	**5.1%**	5.4%

Interest rate swaps - cash flow hedges

Brambles enters into various interest rate risk management transactions for the purpose of managing finance costs to achieve more stable and predictable finance expense results. The instruments primarily used are interest rate swaps and caps.

During 2011, Brambles entered into or maintained interest rate swap transactions with various banks hedging variable rate borrowings in US dollars and euros. The purpose of the interest rate swaps was to hedge variable interest expense under borrowings against rising interest rates. Interest rate swaps achieve this by synthetically converting the variable interest rate payment into a fixed interest liability on the dates on which interest is payable on the underlying debt. The fair value of these contracts at reporting date was US$(8.8) million (2010: US$(15.1) million).

The terms of the contracts have been negotiated to match the projected drawdowns and rollovers of variable rate bank debt.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Interest rate swaps - fair value hedges

Brambles has entered into interest rate swap transactions with various banks swapping US$450.0 million of the US$750.0 million 144A bonds to variable rate. The fair value of these contracts at reporting date was US$22.7 million (2010: US$16.9 million).

The terms of the swaps match the terms of the fixed rate bond issue for the amounts and durations being hedged.

The gain or loss from re-measuring the interest rate swaps at fair value is recorded in the income statement together with any changes in the fair value of the hedged asset or liability that is attributed to the hedged risk. For 2011, all interest rate swaps were effective hedging instruments.

Sensitivity analysis

The following table sets out the sensitivity of Brambles' financial assets and financial liabilities to interest rate risk applying the following assumptions:

	Interest rate risk			
	2011		2010	
	lower rates	higher rates	lower rates	higher rates
US dollar interest rates	**- 15 bps**	**+ 75 bps**	- 25 bps	+ 75 bps
Australian dollar interest rates	**- 25 bps**	**+ 75 bps**	- 25 bps	+ 75 bps
Sterling interest rates	**- 25 bps**	**+ 75 bps**	- 25 bps	+ 75 bps
Euro interest rates	**- 25 bps**	**+ 75 bps**	- 25 bps	+ 75 bps
	US$m	**US$m**	**US$m**	**US$m**
Impact on profit after tax	**0.5**	**(4.8)**	0.9	(3.0)
Impact on equity	**(0.5)**	**0.3**	(0.2)	0.7

Based on financial instruments held at 30 June 2011, if interest rates were to parallel shift by the number of basis points in the different currencies noted above with all other variables held constant, profit after tax for the year would have been US$0.5 million higher or US$4.8 million lower (2010: US$0.9 million higher or US$3.0 million lower), mainly as a result of lower/higher interest expense on bank borrowings. The impact on equity would have been US$0.5 million lower or US$0.3 million higher (2010: US$0.2 million lower or US$0.7 million higher) mainly as a result of the incremental movement through the hedging reserve relating to the effective portion of cash flow hedges. Given its geographically diverse operations, Brambles had interest rate exposure positions against a variety of currencies, predominantly US dollars and euros.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Foreign exchange risk

Exposure to foreign exchange risk generally arises in transactions affecting either the value of transactions translated back to the functional currency of a subsidiary or affecting the value of assets and liabilities of overseas subsidiaries when translated back to the Group's reporting currency. Foreign exchange hedging is used when a transaction exposure exceeds certain thresholds and as soon as a defined exposure arises.

Currency profile

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

	US dollar US$m	Aust. dollar US$m	Sterling US$m	Euro US$m	Other US$m	Total US$m
2011						
Financial assets						
- cash at bank and in hand	**7.5**	**8.7**	**-**	**35.6**	**60.3**	**112.1**
- short term deposits	**-**	**-**	**-**	**0.4**	**26.0**	**26.4**
- interest rate swaps	**22.7**	**-**	**-**	**0.1**	**-**	**22.8**
- embedded derivatives	**-**	**-**	**-**	**-**	**1.0**	**1.0**
- forward foreign currency contracts	**7.6**	**125.6**	**-**	**17.9**	**136.2**	**287.3**
	37.8	**134.3**	**-**	**54.0**	**223.5**	**449.6**
Financial liabilities						
- bank overdrafts	**7.4**	**-**	**2.7**	**37.1**	**10.9**	**58.1**
- bank loans	**201.6**	**38.7**	**-**	**73.7**	**133.6**	**447.6**
- loan notes	**1,322.3**	**-**	**-**	**723.9**	**-**	**2,046.2**
- finance lease liabilities	**0.2**	**-**	**-**	**67.4**	**-**	**67.6**
- other loans	**-**	**-**	**-**	**8.9**	**1.9**	**10.8**
- interest rate swaps	**8.9**	**-**	**-**	**-**	**-**	**8.9**
- forward foreign currency contracts	**105.8**	**3.8**	**23.8**	**128.0**	**24.7**	**286.1**
- net investment hedge	**-**	**-**	**-**	**507.0**	**-**	**507.0**
	1,646.2	**42.5**	**26.5**	**1,546.0**	**171.1**	**3,432.3**
2010						
Financial assets						
- cash at bank and in hand	23.9	-	2.6	27.8	65.9	120.2
- short term deposits	0.2	-	-	0.4	14.7	15.3
- interest rate swaps	20.0	-	-	-	-	20.0
- embedded derivatives	-	-	-	-	0.4	0.4
- forward foreign currency contracts	215.3	127.6	134.4	110.5	60.2	648.0
	259.4	127.6	137.0	138.7	141.2	803.9
Financial liabilities						
- bank overdrafts	-	0.3	-	7.3	4.6	12.2
- bank loans	399.4	-	-	62.9	41.0	503.3
- loan notes	1,316.6	-	-	-	-	1,316.6
- finance lease liabilities	0.4	-	-	0.7	0.1	1.2
- interest rate swaps	17.4	-	-	0.8	-	18.2
- forward foreign currency contracts	115.4	155.7	-	269.5	105.4	646.0
- net investment hedge	-	-	-	61.5	-	61.5
	1,849.2	156.0	-	402.7	151.1	2,559.0

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Forward foreign exchange contracts - cash flow hedges

Brambles enters into forward foreign exchange contracts to hedge currency exposures arising from normal commercial transactions such as the purchase and sale of equipment and services, intercompany interest and royalties.

During 2011, Brambles entered into forward foreign exchange transactions with various banks in a variety of cross-currencies for terms ranging up to 12 months. Most contracts create an obligation on Brambles to take receipt of or deliver a foreign currency which is used to fulfil the foreign currency sale or purchase order.

The gain or loss from re-measuring the foreign exchange contracts at fair value is deferred and recognised in the hedging reserve in equity to the extent that the hedge is effective and reclassified into profit and loss when the hedged item is recognised. Any ineffective portion is charged to the income statement. For 2011 and 2010, all foreign exchange contracts were effective hedging instruments.

Foreign exchange contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. The fair value of these contracts at reporting date was US$(0.3) million (2010: US$(0.2) million).

Other forward foreign exchange contracts

Brambles enters into other forward foreign exchange contracts for the purpose of hedging various cross-border intercompany loans to overseas subsidiaries. In this case, the forward foreign exchange contract provides an economic hedge against exchange fluctuations in the foreign currency loan balance. The face value and terms of the foreign exchange contracts match the intercompany loan balances. Gains and losses on realignment of the intercompany loan and foreign exchange contracts to spot rates are offset in the income statement. Consequently, these foreign exchange contracts are not designated for hedge accounting purposes and are classified as held for trading.

These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are taken to the income statement immediately. The fair value of these contracts at reporting date was US$1.5 million (2010: US$2.2 million).

Hedge of net investment in foreign entity

Included in bank loans at 30 June 2011 is a borrowing of US$507.0 million (2010: US$61.5 million) denominated in euros. This loan has been designated as a hedge of the net investment in Brambles' European subsidiaries and is being used to partially hedge Brambles' exposure to foreign exchange risks on these investments. For 2011 and 2010, there was no ineffectiveness to be recorded from such partial hedges of net investments in foreign entities.

Sensitivity analysis

The following table sets out the sensitivity of Brambles' financial assets and financial liabilities to foreign exchange risk (transaction exposures only):

	Foreign exchange risk			
	2011		2010	
	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	**0.1**	**(0.1)**	0.3	(0.3)
Impact on equity	**(36.5)**	**36.5**	(4.3)	4.3

Based on the financial instruments held at 30 June 2011, if exchange rates were to weaken/strengthen by 10% with all other variables held constant, profit after tax for the year would have been US$0.1 million higher/lower (2010: US$0.3 million higher/lower). The impact on equity would have been US$36.5 million lower/higher (2010: US$4.3 million lower/higher) as a result of the incremental movement through the foreign currency translation reserve relating to the effective portion of a net investment hedge.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK

Brambles' objective is to maintain adequate liquidity to meet its financial obligations as and when they fall due. Brambles funds its operations through existing equity, retained cash flow and borrowings. Funding is generally sourced from relationship banks and debt capital market investors on a medium to long term basis.

Bank credit facilities are generally structured on a committed multi-currency revolving basis and at balance date had maturities ranging out to June 2016. Borrowings under the bank credit facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

Borrowings are raised from debt capital markets by the issue of unsecured fixed interest notes, with interest payable semi-annually or annually.

Brambles also has access to further funding through overdrafts, uncommitted and standby lines of credit, principally to manage day-to-day liquidity.

To minimise foreign exchange risks, borrowings are arranged in the currency of the relevant operating asset to be funded.

Refer to Note 24A for borrowing facilities and credit standby arrangements disclosures.

Maturities of derivative financial assets and liabilities

The maturity of Brambles' 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 and forward foreign exchange contracts 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	Over 4 years US$m	Total contractual cash flows US$m	Carrying amount assets/ (liabilities) US$m
2011							
Net settled							
Interest rate swaps							
- cash flow hedges	**(5.6)**	**(3.0)**	**(0.2)**	**-**	**-**	**(8.8)**	**(8.8)**
- fair value hedges	**9.6**	**8.3**	**4.7**	**0.1**	**-**	**22.7**	**22.7**
Gross settled							
Forward foreign exchange contracts							
- inflow	**287.3**	**-**	**-**	**-**	**-**	**287.3**	**1.2**
- (outflow)	**(286.1)**	**-**	**-**	**-**	**-**	**(286.1)**	**-**
	5.2	**5.3**	**4.5**	**0.1**	**-**	**15.1**	**15.1**
2010							
Net settled							
Interest rate swaps							
- cash flow hedges	(8.2)	(5.1)	(1.9)	0.1	-	(15.1)	(15.1)
- fair value hedges	8.4	7.0	4.5	(0.4)	(2.6)	16.9	16.9
Gross settled							
Forward foreign exchange contracts							
- inflow	648.0	-	-	-	-	648.0	2.0
- (outflow)	(646.0)	-	-	-	-	(646.0)	-
	2.2	1.9	2.6	(0.3)	(2.6)	3.8	3.8

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK - CONTINUED

Maturities of non-derivative financial liabilities

The maturity of Brambles' 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 24B for borrowing facilities maturity profile.

	Year 1 US$m	Year 2 US$m	Year 3 US$m	Year 4 US$m	Over 4 years US$m	Total contractual cash flows US$m	Carrying amount US$m
2011							
Financial liabilities							
Trade payables	**569.8**	**-**	**-**	**-**	**-**	**569.8**	**569.8**
Bank overdrafts	**58.1**	**-**	**-**	**-**	**-**	**58.1**	**58.1**
Bank loans	**71.5**	**196.3**	**681.2**	**104.4**	**.**	**1,053.4**	**954.6**
Loan notes	**292.9**	**91.7**	**126.2**	**486.0**	**1,648.0**	**2,644.8**	**2,046.2**
Finance lease liabilities	**29.6**	**20.6**	**12.9**	**8.0**	**2.5**	**73.6**	**67.6**
Other loans	**8.7**	**0.2**	**2.1**	**0.1**	**-**	**11.1**	**10.8**
	1,030.6	**308.8**	**822.4**	**598.5**	**1,650.5**	**4,410.8**	**3,707.1**
Financial guarantees[1]	**144.3**	**-**	**-**	**-**	**-**	**144.3**	**-**
	1,174.9	**308.8**	**822.4**	**598.5**	**1,650.5**	**4,555.1**	**3,707.1**
2010							
Financial liabilities							
Trade payables	305.7	-	-	-	-	305.7	305.7
Bank overdrafts	12.2	-	-	-	-	12.2	12.2
Bank loans	256.8	108.4	123.4	112.2	-	600.8	564.8
Loan notes	92.0	230.9	59.1	93.6	1,280.1	1,755.7	1,316.6
Finance lease liabilities	0.6	0.5	0.1	-	-	1.2	1.2
	667.3	339.8	182.6	205.8	1,280.1	2,675.6	2,200.5
Financial guarantees [1]	98.8	-	-	-	-	98.8	-
	766.1	339.8	182.6	205.8	1,280.1	2,774.4	2,200.5

1 Refer to Note 33A for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. Brambles does not expect these payments to eventuate.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

D) CREDIT RISK EXPOSURE

Brambles is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. This 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 30A. There is no significant concentration of credit risk.

Brambles 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.

Exposure to credit risk also arises from amounts receivable from unrealised gains on derivative financial instruments. At the reporting date, this amount was US$24.2 million (2010: US$26.1 million). Brambles transacts derivatives with prominent financial institutions and has credit limits in place to limit exposure to any potential non-performance by its counterparties.

E) CAPITAL RISK MANAGEMENT

Brambles' objective when managing capital is to ensure Brambles continues as a going concern as well as to provide a balance between financial flexibility and balance sheet efficiency. In determining its capital structure, Brambles 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.

Brambles manages its capital structure to be consistent with a solid investment grade credit. At 30 June 2011, Brambles held investment grade credit ratings of BBB+ from Standard and Poors and Baa1 from Moody's Investor Services.

Initiatives available to Brambles 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.

Brambles considers its capital to comprise:

	2011 US$m	2010 US$m
Total borrowings	**3,137.3**	1,894.8
Less: cash and cash equivalents	**(138.5)**	(135.5)
Net debt	**2,998.8**	1,759.3
Total equity	**2,451.4**	1,632.6
Total capital	**5,450.2**	3,391.9

Brambles has a financial policy to target a net debt to EBITDA ratio of less than 1.75 to 1. The ratio at 30 June 2011 was 2.2 to 1, outside the target, because the IFCO acquisition was initially funded with debt. The net debt to EBITDA ratio is expected to revert within the policy level during 2012.

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

E) CAPITAL RISK MANAGEMENT - CONTINUED

Under the terms of its major borrowing facilities, Brambles is required to comply with the following financial covenants:

- the ratio of net debt to EBITDA is to be no more than 3.5 to 1; and
- the ratio of EBITDA to net finance costs is to be no less than 3.5 to 1.

Brambles has complied with these financial covenants for 2011 and prior years. At balance date, based on the definitions below, the ratios were:

	2011 US$m	2010 US$m
Total borrowings	**3,137.3**	1,894.8
Less: fair value adjustments due to hedge accounting	**(20.3)**	(14.4)
Less: cash and cash equivalents	**(138.5)**	(135.5)
Net debt	**2,978.5**	1,744.9
EBITDA	**1,330.6**	1,171.6
Net finance costs	**127.5**	109.6
Net debt/EBITDA (times)	**2.2**	1.5
EBITDA/net finance cost (times)	**10.4**	10.7

The following definitions apply in the calculation of these financial covenants:

- EBITDA means Brambles' consolidated operating profit (excluding Significant items outside the ordinary course of business) before depreciation, amortisation, impairment, profit of joint ventures and associates and certain fair value adjustments in respect of financial derivatives; and
- net debt means Brambles' consolidated total borrowings, excluding the impact of fair value adjustments in relation to hedge accounting, less cash and cash equivalents.

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

A) RECONCILIATION OF CASH

	2011 US$m	2010 US$m
For the purpose of the cash flow statement, cash comprises:		
Cash at bank and in hand (Note 14)	**112.1**	120.2
Short term deposits (Note 14)	**26.4**	15.3
Bank overdraft (Note 24)	**(58.1)**	(12.2)
	80.4	123.3

B) RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2011 US$m	2010 US$m
Profit after tax	**475.4**	448.8
Adjustments for:		
- depreciation and amortisation	**485.5**	444.0
- irrecoverable pooling equipment provision expense	**104.9**	111.2
- net gains on disposals of property, plant and equipment	**(36.5)**	(26.4)
- impairment of property, plant and equipment	**14.5**	-
- other valuation adjustments	**(0.1)**	(1.1)
- net gains on disposal of businesses and investments	**(10.9)**	(7.5)
- joint ventures	**(0.9)**	0.1
- equity-settled share-based payments	**13.2**	10.7
- finance revenues and costs	**(37.1)**	7.9
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- increase in trade and other receivables	**(79.4)**	(19.3)
- decrease/(increase) in prepayments	**1.1**	(0.8)
- (increase)/decrease in inventories	**(5.9)**	22.1
- (decrease) in deferred taxes	**(20.2)**	(45.1)
- increase in trade and other payables	**70.1**	15.5
- increase in tax payables	**5.3**	35.3
- increase/(decrease) in provisions	**37.6**	(4.1)
- other	**(3.1)**	(1.0)
Net cash inflow from operating activities	**1,013.5**	990.3

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

C) RECONCILIATION OF MOVEMENT IN NET DEBT

	2011 US$m	2010 US$m
Net debt at beginning of the year	**1,759.3**	2,143.4
Net cash inflow from operating activities	**(1,013.5)**	(990.3)
Net cash outflow from investing activities	**1,762.5**	440.4
Net outflow/(inflow) from hedge instruments	**9.5**	(35.8)
Proceeds from issue of ordinary shares	**(231.1)**	(2.7)
Dividends paid, net of Dividend Reinvestment Plan	**224.0**	204.5
Increase on business acquisitions and disposals	**453.5**	-
Interest accruals, finance leases and other	**(15.9)**	26.0
Foreign exchange differences	**50.5**	(26.2)
Net debt at end of the year	**2,998.8**	1,759.3
Being:		
Current borrowings	**325.6**	276.0
Non-current borrowings	**2,811.7**	1,618.8
Cash and cash equivalents	**(138.5)**	(135.5)
Net debt at end of the year	**2,998.8**	1,759.3

D) NON-CASH FINANCING OR INVESTING ACTIVITIES

Dividends of US$149.8 million were satisfied by issues of shares under the Dividend Reinvestment Plan. There were no other financing or investing transactions during the year which have had a material effect on the assets and liabilities of Brambles that did not involve cash flows.

NOTE 32. COMMITMENTS

A) CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2011, Brambles had commitments of US$43.1 million (2010: US$41.1 million) principally relating to property, plant and equipment.

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

	2011 US$m	2010 US$m
Within one year	**43.1**	32.2
Between one and five years	**-**	8.9
	43.1	41.1

B) OPERATING LEASE COMMITMENTS

Brambles has taken out operating leases 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:

	Plant		Occupancy	
	2011 US$m	2010 US$m	2011 US$m	2010 US$m
Within one year	**34.6**	23.6	**194.6**	157.2
Between one and five years	**42.0**	28.4	**548.8**	452.7
After five years	**0.1**	-	**298.9**	302.3
Minimum lease payments	**76.7**	52.0	**1,042.3**	912.2

During the year, operating lease expense of US$228.3 million (2010: US$205.2 million) was recognised in the income statement.

C) FINANCE LEASE COMMITMENTS

Finance leases of plant and equipment are not a material feature of Brambles' funding arrangements. Finance lease commitments are payable as follows:

	Plant	
	2011 US$m	2010 US$m
Minimum lease payments		
Within one year	**29.6**	0.6
Between one and five years	**44.0**	0.6
	73.6	1.2
Finance costs		
Within one year	**(3.4)**	-
Between one and five years	**(2.6)**	-
	(6.0)	-
Minimum lease payments recognised as a liability		
Within one year	**26.2**	0.6
Between one and five years	**41.4**	0.6
	67.6	1.2

NOTE 33. CONTINGENCIES

a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to performance under contracts entered into totalling US$127.5 million (2010: US$98.8 million), of which US$120.1 million (2010: US$92.7 million) is also guaranteed by Brambles Limited and is included in Note 38B.

b) A subsidiary has provided guarantees on a several basis in relation to a reduction in the share premium account of another subsidiary in favour of certain creditors which amounts to US$1.8 million (2010: US$3.3 million).

c) A subsidiary has guaranteed certain lease obligations of third parties totalling US$10.3 million (2010: US$15.3 million). A subsidiary has provided guarantees to support lease facilities entered into by certain other subsidiaries. Total facilities available amount to US$11.8 million (2010: US$11.7 million), of which US$11.8 million (2010: US$11.7 million) has been drawn.

d) Environmental contingent liabilities
Brambles' activities have included the treatment and disposal of hazardous and non-hazardous waste through subsidiaries and corporate joint ventures. In addition, other activities of Brambles entail using, handling and storing materials which are capable of causing environmental impairment.

   As a consequence of the nature of these activities, Brambles 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 Brambles operates or has operated. These extensive laws and regulations are continually evolving in response to technological advances, scientific developments and other factors. Brambles cannot predict the extent to which it may be affected in the future by any such changes in legislation or regulation.

e) In the ordinary course of business, Brambles becomes involved in litigation. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably quantified. Receivables have been recognised where recoveries, for example from insurance arrangements, are virtually certain. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.

f) Brambles has given vendor warranties in relation to businesses sold in prior years. Brambles has recognised the financial impact of such vendor warranties and adjustments on the basis of information currently available. A contingent liability exists for any amounts which may ultimately be borne by Brambles which are in excess of the amounts provided at 30 June 2011.

NOTE 34. AUDITORS' REMUNERATION

	2011 US$'000	2010 US$'000
Amounts received or due and receivable by PwC (Australia) for:		
Audit services:		
- audit and review of Brambles' financial reports	**1,567**	1,338
- other assurance services	**168**	256
	1,735	1,594
Other services:		
- acquisition due diligence	**1,473**	-
- tax advisory services	**38**	33
	1,511	33
Total remuneration of PwC (Australia)	**3,246**	1,627
Amounts received or due and receivable by related practices of PwC (Australia) for:		
Audit services:		
- audit and review of Brambles' financial reports	**2,835**	2,531
- other assurance services	**24**	53
	2,859	2,584
Other services:		
- tax advisory services	**234**	43
- other	**32**	108
	266	151
Total remuneration of related practices of PwC (Australia)	**3,125**	2,735
Total PwC remuneration	**6,371**	4,362
Amounts received or due and receivable by non-PwC audit firms for audit of subsidiaries' financial reports	**1,294**	-
Total auditors' remuneration	**7,665**	4,362

From time to time, Brambles 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, the Audit Committee has established a policy whereby its approval is required wherever management recommends that PwC undertake non-audit work. Valuation services, actuarial services and internal audit services will not be performed by PwC.

In 2011 and 2010, non-audit assignments primarily related to acquisition due diligence, tax consulting advice and implementation of a compliance tracking system.

NOTE 35. KEY MANAGEMENT PERSONNEL

A) KEY MANAGEMENT PERSONNEL COMPENSATION

	2011	2010
Short term employee benefits	**12,663**	12,269
Post employment benefits	**796**	594
Other benefits	**86**	126
Termination/sign-on/retirement benefits	**676**	5,172
Share-based payments	**3,358**	2,012
	17,579	20,173

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

B) EQUITY INSTRUMENTS DISCLOSURE RELATING TO KEY MANAGEMENT PERSONNEL

The number of ordinary shares and options/share rights in Brambles held during the financial year by key management personnel, including their related parties, are set out below:

Name and holdings	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Changes during the year	Balance at end of the year[1]	Vested and exercisable at end of the year
2011							
Executive Directors							
T J Gorman							
Ordinary shares	930	-	-	-	40,037	40,967	-
Share rights	546,682	446,224	37,024	-	-	955,882	-
G J Hayes							
Ordinary shares	-	-	-	-	-	-	-
Share rights	405,870	329,141	-	-	-	735,011	-
Current Key Management Personnel							
J R A Judd							
Ordinary shares	65,399	-	-	-	14,037	79,436	-
Share rights	219,192	119,699	13,284	28,691	-	296,916	-
P S Mackie							
Ordinary shares	854	-	-	-	107	961	-
Share rights	139,763	156,686	6,628	17,584	-	272,237	-
K Pohler							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	251,637	-	-	-	251,637	-
E E Potts							
Ordinary shares	58,126	-	-	-	8,481	66,607	-
Share rights	276,704	152,538	11,393	71,361	-	346,488	-
J D Ritchie							
Ordinary shares	39,941	-	-	-	20,383	60,324	-
Share rights	92,602	135,168	27,112	-	-	200,658	-
K J Shuba							
Ordinary shares	46,452	-	-	-	11,314	57,766	-
Options/share rights	283,396	134,255	14,312	24,245	-	379,094	-
N P Smith							
Ordinary shares	1,046	-	-	-	1,584	2,630	-
Share rights	195,389	139,746	775	-	-	334,360	-
R J Westerbos							
Ordinary shares	-	-	-	-	101,495	101,495	-
Share rights	-	116,434	-	-	-	116,434	-
Former Key Management Personnel							
J L Infinger							
Ordinary shares	135	-	-	-	194	329	-
Share rights	128,717	-	-	-	-	128,717	-

1 Closing balances are as at the end of the year for ongoing employees and as at cessation of employment for those whose employment ended during the year.

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

Name and holdings	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Changes during the year	Balance at end of the year[1]	Vested and exercisable at end of the year
2010							
Executive Directors							
T J Gorman							
Ordinary shares	245	-	-	-	685	930	-
Share rights	219,688	326,994	-	-	-	546,682	-
G J Hayes							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	405,870	-	-	-	405,870	-
Former Executive Directors							
M F Ihlein							
Ordinary shares	783,524	-	-	-	489	784,013	-
Share rights	809,734	483	-	110,038	-	700,179	68,713
M E Doherty							
Ordinary shares	10,151	-	-	-	441	10,592	-
Share rights	246,453	440	-	-	-	246,893	-
Current Key Management Personnel							
J L Infinger							
Ordinary shares	-	-	-	-	135	135	-
Share rights	-	128,717	-	-	-	128,717	-
J R A Judd							
Ordinary shares	50,590	-	-	-	14,809	65,399	-
Share rights	177,446	84,345	13,931	28,668	-	219,192	-
P S Mackie							
Ordinary shares	245	-	-	-	609	854	-
Share rights	110,041	53,701	6,278	17,701	-	139,763	-
E E Potts							
Ordinary shares	50,689	-	-	-	7,437	58,126	-
Share rights	210,106	103,662	9,955	27,109	-	276,704	-
J D Ritchie							
Ordinary shares	-	-	-	-	39,941	39,941	-
Share rights	123,368	65,490	58,718	37,538	-	92,602	-
K J Shuba							
Ordinary shares	28,033	-	-	-	18,419	46,452	-
Options/share rights	334,421	111,645	134,534	28,136	-	283,396	-
N P Smith							
Ordinary shares	292	-	-	-	754	1,046	-
Share rights	97,463	97,926	-	-	-	195,389	-
R J Westerbos							
Ordinary shares	-	-	-	-	-	-	-
Share rights	-	-	-	-	-	-	-
Former Key Management Personnel							
C A van der Laan							
Ordinary shares	15,000	-	-	-	34,779	49,779	-
Share rights	442,662	-	34,779	49,507	-	358,376	-

C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other transactions with key management personnel are set out in Note 36C.
Further remuneration disclosures are set out in the Directors' Report on pages 40 to 55 of the Annual Report.

NOTE 36. RELATED PARTY INFORMATION

A) BRAMBLES

Brambles comprises Brambles Limited and the entities which it controls.

Borrowings under the bilateral bank credit facilities are undertaken by a limited number of Brambles subsidiaries. Funding of other subsidiaries within Brambles is by way of intercompany loans, all of which are documented and carry commercial interest rates applicable to the currency and terms of the loans.

Brambles Limited charges Brambles' borrowers a commercially-determined guarantee fee for the guarantees and cross-guarantees it has given in relation to borrowing facilities, as described in Note 38B.

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

Brambles has in place cost sharing agreements to ensure that relevant costs are taken up by the entities receiving the benefits.

All amounts receivable and payable by entities within Brambles and any interest thereon are eliminated on consolidation.

B) JOINT VENTURES

Brambles' share of the net results of joint ventures is disclosed in Note 19.

C) OTHER TRANSACTIONS

Other transactions entered into during the year with Directors of Brambles 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) OTHER RELATED PARTIES

A subsidiary has a non-interest bearing advance outstanding as at 30 June 2011 of US$1,327,000 (2010: US$1,201,000) to Brambles Custodians Pty Limited, the trustee under Brambles' employee loan scheme. This scheme enabled employees to acquire shares in BIL and has been closed to new entrants since August 2002.

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

E) MATERIAL SUBSIDIARIES

The principal subsidiaries of Brambles during the year were:

		% interest held at reporting date	
Name	**Place of incorporation**	**2011**	**2010**
CHEP			
CHEP USA	USA	**100**	100
CHEP Canada, Inc.	Canada	**100**	100
CHEP UK Limited	UK	**100**	100
CHEP France SA	France	**100**	100
CHEP Deutschland GmbH	Germany	**100**	100
CHEP Espana SA	Spain	**100**	100
CHEP Mexico SA de CV	Mexico	**100**	100
CHEP Benelux Nederland BV	The Netherlands	**100**	100
CHEP Italia SRL	Italy	**100**	100
Brambles Enterprises Limited	UK	**100**	100
CHEP South Africa (Proprietary) Limited	South Africa	**100**	100
CHEP Australia Limited	Australia	**100**	100
CHEP (Shanghai) Company Limited	China	**100**	100
CHEP Technology Pty Limited	Australia	**100**	100
CHEP India Pvt Limited	India	**100**	100
LeanLogistics Inc	USA	**100**	100
Unitpool AG	Switzerland	**100**	-
IFCO			
IFCO Systems NV	The Netherlands	**99.5**	-
Recall			
Recall Limited	UK	**100**	100
Recall France SA	France	**100**	100
Recall Corporation, Inc.	USA	**100**	100
Recall do Brasil Ltda	Brazil	**100**	100
Recall Information Management Pty Limited	Australia	**100**	100
Recall Deutschland GmbH	Germany	**100**	100
Brambles HQ			
Brambles Industries Limited	Australia	**100**	100
Brambles Holdings (UK) Limited	UK	**100**	100
Brambles International Finance BV	The Netherlands	**100**	100
Brambles USA Inc.	USA	**100**	100
Brambles North America Incorporated	USA	**100**	100
Brambles Finance plc	UK	**100**	100
Brambles Finance Limited	Australia	**100**	100

In addition to the list above, there are a number of other subsidiaries within Brambles which are mostly intermediary holding companies or are dormant.

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

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

F) DIRECTORS' INDEMNITIES

Under its constitution, to the extent permitted by law, Brambles Limited indemnifies each person who is, or has been a Director or Secretary of Brambles Limited against any liability which results from facts or circumstances relating to the person serving or having served in the capacity of Director, Secretary, other officer or employee of Brambles Limited or any of its subsidiaries, other than:

(a) in respect of a liability other than for legal costs:
- (i) a liability owed to Brambles Limited or a related body corporate;
- (ii) a liability for a pecuniary penalty order under section 1317G of the Act or a compensation order under section 1317H of the Act; or
- (iii) a liability that is owed to someone (other than Brambles Limited or a related body corporate) and did not arise out of conduct in good faith; and

(b) in respect of a liability for legal costs:
- (i) in defending or resisting proceedings in which the person is found to have a liability for which they could not have been indemnified under paragraph (a)(i) above;
- (ii) in defending or resisting criminal proceedings in which the person is found guilty;
- (iii) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the Court to be established; or
- (iv) in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

Paragraph (b)(iii) above does not apply to costs incurred in responding to actions brought by ASIC or a liquidator as part of an investigation before commencing proceedings for the Court order.

As allowed by its constitution, Brambles Limited has provided indemnities from time to time to Directors, Secretaries or other Statutory Officers of its subsidiaries (Beneficiaries) against all loss, cost and expenses (collectively Loss) caused by or arising from any act or omission by the relevant person in performance of that person's role as a Director, Secretary or Statutory Officer.

The indemnity given by the Company excludes the following matters:

(a) any Loss to the extent caused by or arising from an act or omission of the Beneficiary prior to the effective date of the indemnity;
(b) any Loss to the extent indemnity in respect of that Loss is prohibited under the Corporations Act (or any other law);
(c) any Loss to the extent it arises from private or personal acts or omissions of the Beneficiary;
(d) any Loss comprising the reimbursement of normal day-to-day expenses such as travelling expenses;
(e) any Loss to the extent the Beneficiary failed to act reasonably to mitigate the Loss;
(f) any Loss to the extent it is caused by or arises from acts or omissions of the Beneficiary after the date the indemnity is revoked by the Company in accordance with the terms of the indemnity;
(g) any Loss to the extent it is caused by or arises from any breach by the Beneficiary of the terms of the indemnity.

Insurance policies are in place to cover Directors, Secretaries and other Statutory Officers of Brambles Limited and its subsidiaries, however the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

NOTE 37. EVENTS AFTER BALANCE SHEET DATE

On 17 August 2011, Brambles announced that following the completion of a strategic planning process, the Company has decided to focus on building its global pooling solutions business and to divest Recall, its information management business. Brambles will commence an international sale process for Recall and will complete the divestment as and when financial market conditions support an appropriate outcome for shareholders.

Other than those outlined in the Directors' Report, there have been no other events that have occurred subsequent to 30 June 2011 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

NOTE 38. PARENT ENTITY FINANCIAL INFORMATION

A) SUMMARISED FINANCIAL DATA OF BRAMBLES LIMITED

	Parent entity	
	2011 US$m	2010 US$m
Profit/(loss) for the year[1]	**23.4**	(8,573.3)
Other comprehensive income for the year	**1,662.6**	665.1
Total comprehensive income/(loss)	**1,686.0**	(7,908.2)
Current assets	**11.1**	1.7
Non-current assets	**8,443.1**	6,642.5
Total assets	**8,454.2**	6,644.2
Current liabilities	**23.8**	21.5
Non-current liabilities	**112.4**	46.6
Total liabilities	**136.2**	68.1
Net assets	**8,318.0**	6,576.1
Contributed equity	**14,370.2**	13,979.6
Share-based payment reserve	**41.6**	28.2
Foreign currency translation reserve	**2,724.1**	1,061.5
Retained earnings	**(8,817.9)**	(8,493.2)
Total equity	**8,318.0**	6,576.1

[1] The parent entity's loss for 2010 included a charge of US$9.1 billion after tax against the parent entity's investment in subsidiaries. The price of Brambles shares as quoted on the Australian Securities Exchange at 30 June 2010 was used to determine the new carrying value of these investments. This non-cash charge was reversed on consolidation and did not impact the consolidated financial statements.

B) GUARANTEES AND CONTINGENT LIABILITIES

Brambles Limited and certain of its subsidiaries are parties to a deed of cross-guarantee which supports global financing credit facilities available to certain subsidiaries. Total facilities available amount to US$2,342.1 million (2010: US$2,459.9 million) of which US$914.6 million (2010: US$527.4 million) has been drawn.

Brambles Limited and certain of its subsidiaries are parties to guarantees which support US Private Placement borrowings of US$535.0 million (2010: US$535.0 million) by a subsidiary.

Brambles Limited and certain of its subsidiaries are parties to a guarantee which support notes of US$750.0 million (2010: US$750.0 million) issued by a subsidiary to qualified institutional buyers in accordance with Rule 144A and Regulation S of the United States Securities Act.

Brambles Limited and certain of its subsidiaries are parties to guarantees which support notes of €500.0 million issued in April 2011 in the European bond market.

Brambles Limited has guaranteed repayment of certain facilities and financial accommodations made available to certain subsidiaries. Total facilities available amount to US$474.8 million (2010: US$327.2 million), of which US$180.2 million (2010: US$130.1 million) has been drawn.

Other than these guarantees, the parent entity did not have any contingent liabilities at 30 June 2011 or 30 June 2010.

C) CONTRACTUAL COMMITMENTS

Brambles Limited did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2011 or 30 June 2010.

DIRECTORS' DECLARATION

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 63 to 126 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 Brambles as at 30 June 2011 and of its performance for the year ended on that date;

(b) there are reasonable grounds to believe that Brambles 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.

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

G J Kraehe AO
Chairman

T J Gorman
Chief Executive Officer

17 August 2011