

# OPERATIONAL & FINANCIAL REVIEW

## SALES & OPERATING PROFIT SUMMARY

Year ended 30 June, US\$m	2011	2010	Change (actual FX)	Change (constant FX)
<b>Sales revenue</b>				
CHEP Americas	1,617.2	1,533.6	5%	4%
CHEP EMEA	1,545.9	1,482.6	4%	3%
CHEP Asia-Pacific	463.7	390.9	19%	6%
<b>Total CHEP</b>	<b>3,626.8</b>	<b>3,407.1</b>	<b>6%</b>	<b>4%</b>
IFCO	230.1	-	-	-
Recall	815.3	739.7	10%	5%
<b>Total sales revenue</b>	<b>4,672.2</b>	<b>4,146.8</b>	<b>13%</b>	<b>9%</b>
<b>Operating profit</b>				
CHEP Americas	278.1	235.2	18%	15%
CHEP EMEA	310.3	324.9	(4)%	(5)%
CHEP Asia-Pacific	96.6	77.8	24%	8%
<b>Total CHEP</b>	<b>685.0</b>	<b>637.9</b>	<b>7%</b>	<b>4%</b>
IFCO	30.3	-	-	-
Recall	145.8	123.1	18%	10%
Brambles HQ	(51.9)	(36.5)	(42)%	(30)%
<b>Operating profit</b>	<b>809.2</b>	<b>724.5</b>	<b>12%</b>	<b>8%</b>
Net finance costs	(127.5)	(109.6)	(16)%	(13)%
<b>Profit before tax</b>	<b>681.7</b>	<b>614.9</b>	<b>11%</b>	<b>7%</b>
Tax expense	(209.9)	(171.0)	(23)%	(16)%
<b>Profit from continuing operations</b>	<b>471.8</b>	<b>443.9</b>	<b>6%</b>	<b>3%</b>
<b>Profit from discontinued operations</b>	<b>3.6</b>	<b>4.9</b>	<b>(27)%</b>	<b>(37)%</b>
<b>Profit for the year</b>	<b>475.4</b>	<b>448.8</b>	<b>6%</b>	<b>3%</b>
<b>Weighted average number of shares (millions)</b>				
Basic EPS (US cents)	32.9	31.8	3%	0%
Basic EPS (Australian cents)	32.8	36.1	(9)%	0%

## UNDERLYING PROFIT

Year ended 30 June, US\$m	2011	2010	Change (actual FX)	Change (constant FX)
Underlying profit				
CHEP Americas	278.1	237.1	17%	14%
CHEP EMEA	337.4	329.5	2%	1%
CHEP Asia-Pacific	97.9	78.4	25%	8%
<b>Total CHEP</b>	<b>713.4</b>	<b>645.0</b>	<b>11%</b>	<b>7%</b>
IFCO	33.2	-	-	-
Recall	145.3	124.6	17%	9%
Brambles HQ	(34.7)	(36.2)	4%	17%
Underlying profit	857.2	733.4	17%	12%
Net finance costs	(127.5)	(109.6)	(16)%	(13)%
Underlying profit before tax	729.7	623.8	17%	12%
Tax expense	(206.1)	(173.6)	(19)%	(13)%
Underlying profit after finance costs and tax	523.6	450.2	16%	12%
Underlying EPS (US cents)	36.2	31.9	13%	9%
Return on capital invested	17%	17%	-	-
Brambles Value Added (fixed June 2010 FX rates)	248.3	208.7		19%

## RECONCILIATION OF UNDERLYING PROFIT TO OPERATING PROFIT

US\$m	2011	2010
Underlying profit	857.2	733.4
Significant items:		
Acquisition costs	(19.1)	-
IFCO integration costs	(25.5)	-
Restructuring costs	(3.4)	(8.9)
<b>Total Significant items</b>	<b>(48.0)</b>	<b>(8.9)</b>
<b>Operating profit</b>	<b>809.2</b>	<b>724.5</b>

# OPERATIONAL & FINANCIAL REVIEW - CONTINUED

## GROUP REVIEW

### SALES

Brambles' sales revenue in the financial year ended 30 June 2011 was US\$4,672.2 million, up 13% (9% at constant currency), as both CHEP and Recall contributed sales growth and newly-acquired IFCO contributed for three months.

CHEP's total sales revenue was US\$3,626.8 million, up 6% (4% at constant currency). All three CHEP regions delivered increased sales, primarily from generating new business by converting customers to CHEP's equipment pooling system.

Recall's sales revenue was US\$815.3 million, up 10% (5% at constant currency), as demand for both physical and digital information storage continued to grow.

IFCO<sup>1</sup>, which Brambles acquired effective 31 March 2011, contributed US\$230.1 million of sales revenue. Excluding IFCO, sales revenue was US\$4,442.1 million, up 7% (4% at constant currency).

### BUSINESS WINS

The impact during the period of net new business wins, excluding the contribution of acquisitions during the year, was US\$110 million, predominantly reflecting CHEP's expansion in emerging markets and increased penetration against non-pooled pallets in the Americas and Europe. There was strong demand for Recall's services.

The net annualised value of new business won during the year was US\$239 million, including IFCO's net wins for the full 12 months. This reflected increased penetration for CHEP and Recall in developed economies, growth in emerging markets, the expansion of the reusable plastic crates (RPCs) and other containers businesses and CHEP USA winning back customers from pallet pooling competitors.

### PROFIT

Brambles' operating profit was US\$809.2 million, up 12% (8% at constant currency), including the impact of US\$48.0 million of Significant items, which comprised US\$25.5 million of IFCO integration costs, US\$19.1 million of acquisition costs and US\$3.4 million of facilities and operations rationalisation costs.

Brambles' Underlying profit was US\$857.2 million, up 17% (12% at constant currency), reflecting sales growth, as well as margin improvement in CHEP Americas.

CHEP's Underlying profit was US\$713.4 million, up 11% (7% at constant currency). Recall's Underlying profit was US\$145.3 million, up 17% (9% at constant currency). IFCO's contribution to Brambles Underlying profit was US\$33.2 million.

At 30 June 2010 exchange rates, Brambles' operating profit prior to the contribution from IFCO or the impact of Significant items was US\$760.8 million, in line with management's August 2010 guidance range of US\$740 million to US\$780 million.

### INTEREST

Net finance costs were US\$127.5 million, up 16%, primarily reflecting funding costs associated with the acquisition of IFCO. The increased expense included interest on €500 million of Euro Medium Term Notes issued in April 2011 and borrowings that Brambles assumed on the acquisition of IFCO.

## TAX

Tax expense was US\$209.9 million, up 23% (16% at constant currency). Brambles' effective tax rate for operating profit was 30.8%, compared with 27.8% for the prior year. The increase in the effective tax rate was principally because of the IFCO acquisition and integration costs for which no tax relief is available. The effective tax rate on Underlying profit was 28.2%, broadly in line with 27.8% in the prior financial year.

## PROFIT AFTER TAX

Brambles' profit after tax was US\$471.8 million, up 6% (3% at constant currency). Basic earnings per share was 32.9 US cents, up 3% (flat at constant currency). The lower growth rate for earnings per share than for profit after tax reflected an increased number of shares on issue in the period resulting from the August 2010 Dividend Reinvestment Plan, the December 2010 Share Purchase Plan and the February 2011 underwritten Dividend Reinvestment Plan.

## CASH FLOW AND RETURN ON CAPITAL

Cash flow from continuing operations, prior to Significant items, was US\$725.1 million, down US\$157.2 million. This reflected a US\$323.1 million (accruals basis) increase in capital expenditure compared with the unusually low levels of capital expenditure in the prior year. The increase in capital expenditure was predominantly to support growth in line with Brambles' strategy of expanding pooling operations in emerging markets and diversifying its range of pooling products, as well as to support Recall's growth.

Brambles' return on capital invested was 17%, in line with the prior year.

## DIVIDEND

	Amount (Aust. cents per share)	Franking	Ex date	Record date	Payment date
Interim	13.0	20%	07/03/11	11/03/11	14/04/11
Final	13.0	20%	15/09/11	21/09/11	13/10/11
Total	26.0				

The Board has declared a final dividend of 13.0 Australian cents per share, 20% franked, up 0.5 Australian cents compared with the previous final dividend and taking total dividends for the 2011 financial year to 26.0 Australian cents per share, up 1.0 Australian cent.

The unfranked component of the final dividend is conduit foreign income. Consequently, shareholders not resident in Australia will not pay Australian dividend withholding tax on the final dividend. Brambles has suspended its Dividend Reinvestment Plan.

<sup>1</sup> At date of publication, Brambles owned 99.5% of IFCO and had proceeded with the compulsory buy-out of all remaining shareholders.

## BUSINESS UNIT REVIEW

### CHEP AMERICAS

Year ended 30 June, US\$m			Change	
	2011	2010	Actual FX	Constant FX
Sales revenue	1,617.2	1,533.6	5%	4%
Operating profit	278.1	235.2	18%	15%
<i>Margin</i>	<i>17%</i>	<i>15%</i>	<i>2pp</i>	<i>2pp</i>
Significant items:				
Restructuring costs	-	4.4		
Accelerated pallet scrapping	-	(2.5)		
	-	1.9		
Underlying profit	278.1	237.1	17%	14%
<i>Margin</i>	<i>17%</i>	<i>15%</i>	<i>2pp</i>	<i>2pp</i>
Cash flow from operations	270.1	285.7	(5)%	(8)%
Return on capital invested	16%	14%	2pp	1pp

#### Sales

Sales revenue in CHEP Americas was US\$1,617.2 million, up 5% (4% at constant currency), primarily driven by growth from new business in all regions. The impact during the year of net new business wins was US\$37 million, contributing 2 percentage points of CHEP Americas' constant currency sales revenue growth, while organic sales revenue growth contributed 1 percentage point.

Aggregate pricing across CHEP Americas was flat as the positive impact of increased penetration with small-to-medium-sized enterprises in CHEP USA and robust economic conditions in Latin America offset subdued conditions in the USA.

In CHEP USA, sales revenue was US\$1,113.2 million, up 1%. New business growth since the introduction of the Better Everyday program, announced in October 2009 to drive quality and service improvements, offset the impact of customer losses from prior periods. CHEP USA continues to roll out its Total Account Management program to major customers, further improving the level of service to customers and assisting with asset control.

In CHEP Canada, sales revenue was US\$227.0 million, up 12% (5% at constant currency), reflecting net new business wins and organic sales growth with existing customers.

CHEP Latin America's sales revenue was US\$216.4 million, up 21% (14% at constant currency), as the business continued to drive increased pallet pooling in Mexico, Brazil, Argentina and Chile and to expand in Central America.

Sales revenue in transport management software business LeanLogistics was up 16%, to US\$16.7 million, from new business wins in part due to expansion into Canada, Europe and Australia. Sales revenue was down 3% (6% at constant currency) in the Catalyst & Chemical Containers business to US\$38.2 million on lower customer activity. CAPS, the intermediate bulk container (IBC) business Brambles acquired in January 2011, contributed US\$5.7 million to sales revenue.

#### Business wins

The net annualised value of new business CHEP Americas secured during the year was US\$75 million, including the impact of customers such as ConAgra, Dole Fresh Fruit and Naturipe Berries transferring volumes back to CHEP USA.

Other customer wins included Nice Pak Products in the USA and Ultima Foods in Canada. There was lane expansion with Coca-Cola Refreshments, Niagara Bottling and Bay Valley Foods in the USA, Lassonde in Canada and Bunge in Brazil.

CAPS is growing volumes with existing and new customers. In July 2011, CAPS signed a large contract with pizza supplier Great Kitchens.

Separately, CHEP Americas extended contracts in the period with existing key customers including Nestlé USA, Nestlé Waters USA, Procter & Gamble in the USA, Unilever Brazil and Unilever North America.

Since 1 July 2011, CHEP USA has begun servicing two new contracts in the automotive sector, including with compact industrial vehicle producer Bobcat.

Total contract wins with small-to-medium enterprises in CHEP USA, defined as contracts with annual pallet issues of less than 100,000, were 1,387, up 34%. This reflected Brambles' growth strategy and retailer Costco's mandate for suppliers to use higher quality block pallets, such as those CHEP supplies.

#### Profit

CHEP Americas' operating profit was US\$278.1 million, up 18% (15% at constant currency), reflecting sales growth and, in CHEP USA, lower storage costs and reduced expenditure, in line with plan, on the Better Everyday program. The operating profit margin improved to 17%, up 2 percentage points.

Total costs from Better Everyday were US\$84 million, US\$11 million below forecast, while CHEP USA had storage savings of US\$9 million, reflecting the storage of a larger number of idle pallets in the prior corresponding period.

These improvements more than offset cost increases including from: transportation and conditioning in Canada related to customer transition from stringer to block pallets to meet a mandate from Costco; and business development from growing the automotive, IBC and LeanLogistics businesses.

#### Cash flow and return on capital

Business growth throughout CHEP Americas and the utilisation of idle pallets in CHEP USA led to increased capital expenditure on pallets and a subsequent reduction in cash flow from operations to US\$270.1 million, down US\$15.6 million.

Return on capital invested improved to 16%, up 2 percentage points, reflecting the improved profit performance.

## OPERATIONAL & FINANCIAL REVIEW - CONTINUED

### CHEP EMEA

Year ended 30 June, US\$m			Change	
	2011	2010	Actual FX	Constant FX
Sales revenue	1,545.9	1,482.6	4%	3%
Operating profit	310.3	324.9	(4)%	(5)%
<i>Margin</i>	<i>20%</i>	<i>22%</i>	<i>(2)pp</i>	<i>(2)pp</i>
Significant items:				
Restructuring - facilities and operations	2.6	4.6		
IFCO integration	24.5	-		
	27.1	4.6		
Underlying profit	337.4	329.5	2%	1%
<i>Margin</i>	<i>22%</i>	<i>22%</i>	-	-
Cash flow from operations	299.2	411.7	(27)%	(32)%
Return on capital invested	23%	23%	-	-

### Sales

Sales revenue in CHEP Europe, Middle East & Africa (EMEA) was US\$1,545.9 million, up 4% (3% at constant currency) as growth in most regions, including developing markets, offset challenging conditions in Iberia and France.

The impact during the period of net new business wins was US\$21 million, contributing 1 percentage point of CHEP EMEA's constant currency sales revenue growth. Pricing and organic sales revenue growth each also contributed 1 percentage point.

In CHEP UK & Ireland, sales revenue was up 3% (2% at constant currency) to US\$390.9 million.

In CHEP Iberia, sales revenue was down 6% (5% at constant currency) to US\$313.9 million, because of weak economic conditions and the loss of the Carrefour RPC contract to IFCO in August 2010.

CHEP France's sales revenue was down 7% (6% at constant currency) to US\$198.2 million, predominantly because of the loss of the Carrefour contract.

Sales revenue elsewhere in CHEP's Western European operations was up 7% (7% at constant currency) to US\$415.3 million. CHEP benefitted from a recovery in activity in the automotive sector and increased sales volumes in Germany, Italy and the Benelux region.

CHEP Central & Eastern Europe's sales revenue was US\$45.8 million, up 28% (27% at constant currency). Poland and Turkey contributed strongly as the penetration of CHEP's pallet pooling services continued to increase in the region in line with supply-chain modernisation.

In CHEP Middle East & Africa, sales revenue was US\$169.4 million, up 27% (17% at constant currency), reflecting volume and price gains in South Africa and continued expansion in the Gulf States.

Unitpool, the aviation container pooling business Brambles acquired in August 2010, contributed US\$12.3 million of sales revenue, experiencing strong growth from existing and new customers.

### Business wins

The net annualised value of new business CHEP EMEA signed during the period was US\$32 million. Key wins included: pallet contracts with Procter & Gamble and Danone Waters in Turkey; Spain's Industria de Diseno Textil (owner of the Zara fashion retail chain) and South African Coke bottler Amalgamated Beverage Industries joining the CHEP system; and an RPC contract with Carrefour subsidiary DIA in Spain. In addition, there was lane expansion with Arla Foods in the UK.

CHEP EMEA renewed a pallet contract with Coca-Cola Enterprises - the world's third largest independent Coca Cola bottler - in France, the UK and Belgium as well as new business with the bottler in the Netherlands.

Separately, CHEP extended pallets business with Anglo Beef Producers in the UK, Nestlé UK, Leche Pascual in Spain and Cumbrian Seafoods in the UK, and extended an RPC contract with UK retailer Morrison's and an automotive contract with General Motors. CHEP signed its first RPC contract in Turkey, with Carrefour, in July 2011.

Since Brambles acquired Unitpool, it has established contracts with carriers including Bahrain's Gulf Air, the USA's National Air Cargo, France's Corsair, Scandinavia's SAS and Portugal-based charter operator Hi Fly. It has also extended contracts with Canada's Air Transat.

### Profit

CHEP EMEA's operating profit was US\$310.3 million, down 4% (5% at constant currency), reflecting Significant items of US\$27.1 million, primarily associated with the rationalisation of CHEP's RPC operations after the IFCO acquisition.

Underlying profit was US\$337.4 million, up 2% (1% at constant currency) as higher expenditure on pallet maintenance, emerging market business development costs and the impact of the lost Carrefour RPC contract in France and Spain reduced the positive impact of sales growth.

Total spending on quality initiatives, excluding efficiencies, increased US\$22 million, partially reflecting the increase in the average age of pallets in developed markets as the growth of the pool slowed since 2008.

Efficiency improvements in plant operations and logistics were sufficient to offset other inflationary pressures, in particular higher lumber and fuel costs.

The operating profit margin was down 2 percentage points to 20% because of Significant items. The Underlying profit margin was unchanged at 22%.

### Cash flow and return on capital

Cash flow from operations was US\$299.2 million, down US\$112.5 million, reflecting low capital expenditure in the previous financial year, higher pallet purchases and investment in growth in developing regions. Return on capital invested was stable at 23%.

## CHEP ASIA-PACIFIC

Year ended 30 June, US\$m			Change	
	2011	2010	Actual FX	Constant FX
Sales revenue	463.7	390.9	19%	6%
Operating profit	96.6	77.8	24%	8%
<i>Margin</i>	21%	20%	1pp	-
Significant items:				
Restructuring - facilities and operations	1.3	0.6		
Underlying profit	97.9	78.4	25%	8%
<i>Margin</i>	21%	20%	1pp	-
Cash flow from operations	80.8	94.1	(14)%	(31)%
Return on capital invested	23%	21%	2pp	1pp

### Sales

Sales revenue in CHEP Asia-Pacific was US\$463.7 million, up 19% (6% at constant currency), on growth in emerging Asia, where CHEP continues to drive palletisation of supply-chain logistics, and increased RPC volumes in Australia and New Zealand.

The impact during the period of net new business wins was US\$11 million, contributing 3 percentage points to constant currency sales revenue growth. Organic sales revenue and pricing contributed 2 percentage points and 1 percentage points to growth respectively.

In CHEP Australia, sales revenue was US\$379.8 million, up 16% (2% at constant currency), as growth in RPC volumes offset relatively flat volumes in pallets and slower automotive activity. CHEP New Zealand's sales revenue was US\$45.3 million, up 14% (5% at constant currency), as sales volumes increased.

CHEP China's sales revenue was US\$22.7 million, up 71% (65% at constant currency), as CHEP continued to support major retail and manufacturing customers in palletising their supply chains. Growth in automotive volumes slowed after March 2011 because of disruption to the supply chain from the March 2011 earthquake and tsunami in Japan.

In CHEP India, sales revenue was US\$5.1 million, up 200% (188% at constant currency) from continued strong growth in pallets and automotive containers, reflecting CHEP's increasing penetration across national supply chains. CHEP South-East Asia's sales revenue was US\$10.0 million, up 25% (14% at constant currency).

### Business wins

The net annualised value of new business CHEP Asia-Pacific secured during the period was US\$18 million. Key wins in Australia included lane expansion in the RPC business with fresh produce company Moraitis plus new business in pallets with Sanitarium and Primo Smallgoods and, in New Zealand, in RPCs with fresh produce company JS Ewers.

USA-based retailer Costco selected CHEP as its preferred pallet supplier for new stores in Canberra and Sydney, as well as its existing store in Melbourne. Wins in China included retailers CRV and Tesco. In India, wins included retailers Walmart and Tesco, brewer Carlsberg, fast-moving consumer goods company Heinz and automotive components makers Autoliv, Bosch and Continental.

Separately, CHEP Asia-Pacific extended contracts with Coca-Cola Amatil in Australia and Danone Dumex and SCA Hygiene in Malaysia.

### Profit

CHEP Asia-Pacific's operating profit was US\$96.6 million, up 24% (8% at constant currency), reflecting sales growth and reduced losses in China. Underlying profit was US\$97.9 million, up 25% (8% at constant currency), after US\$1.3 million of Significant items from facilities and operations restructuring. Insurance recoveries following the December 2010 and January 2011 flooding in Queensland made a positive contribution to profit in CHEP Australia.

Margin was up 1 percentage point to 21% for both operating and Underlying profit.

### Cash flow and return on capital

CHEP Asia-Pacific's cash flow from operations was US\$80.8 million, down US\$13.3 million as capital expenditure increased to fund development of the business in Asia and growth in Australia and New Zealand.

Return on capital invested was 23%, up 2 percentage points, reflecting the improved profit performance.

### IFCO

US\$m	Actual	Pro forma (12 mths to 30 June) <sup>2</sup>		
	(3 mths to 30 June)	2011	2011	2010
Sales revenue	230.1	838.3	764.8	10%
Operating profit	30.3	108.8	82.3	32%
<i>Margin</i>	13%	13%	11%	2pp
Significant items:				
Integration costs	2.9	-	-	-
Underlying profit	33.2	123.4	100.8	22%
<i>Margin</i>	14%	15%	13%	2pp

### Sales

Brambles acquired IFCO effective 31 March 2011. Its sales revenue contribution for the three months of the financial year under Brambles' ownership was US\$230.1 million. This comprised US\$140.4 million from the RPC business and US\$89.7 million from the USA Pallet Management Services business.

On a pro forma basis - reflecting IFCO's results for the full 2011 financial year - IFCO's sales revenue was US\$838.3 million, up 10%. This reflected strong business growth in RPCs in all regions and a flat outcome in Pallet Management Services. Net new business wins were US\$63 million.

In RPCs, pro forma sales revenue was US\$503.3 million, up 17%, comprising US\$385.0 million from Europe and South America, up 18%, and US\$118.3 million from the USA, up 14%.

Key contributors to RPC sales revenue growth included new business wins worldwide and organic growth with existing customers in Europe. Expanded use of RPCs continues in the USA and South America, driving higher sales revenue for IFCO.

In Pallet Management Services, pro forma sales revenue was US\$335.0 million, which was flat compared with the prior corresponding period, reflecting low-growth conditions in the US economy.

<sup>2</sup> Pro forma data as per IFCO financial statements, excludes amortisation of intangible assets.

## OPERATIONAL & FINANCIAL REVIEW - CONTINUED

### Business wins

The net annualised value of new business IFCO won during the 12 months to 30 June 2011 was US\$76 million. Customer wins for IFCO's RPC business during the financial year included Carrefour in Europe and Food Lion, Safeway and Whole Foods in the USA.

### Profit

IFCO's operating profit contribution for the three months under Brambles' ownership was US\$30.3 million. Underlying profit was US\$33.2 million. This reflected US\$2.9 million of Significant items associated with integration and US\$6.1 million of amortisation of identified intangibles assets associated with Brambles' acquisition of the business. The operating profit margin was 13% and the Underlying profit margin was 14%.

On a pro forma basis, prior to the impact of amortisation of identified intangible assets, IFCO's full-year Underlying profit was US\$123.4 million, up 22%, reflecting sales revenue growth and pricing and efficiency gains. The pro forma Underlying profit margin was 15%.

### RECALL

Year ended 30 June, US\$m	Change			
	2011	2010	Actual FX	Constant FX
Sales revenue	815.3	739.7	10%	5%
Operating profit	145.8	123.1	18%	10%
<i>Margin</i>	<i>18%</i>	<i>17%</i>	<i>1pp</i>	<i>1pp</i>
Significant items:				
Restructuring - facilities and operations	(0.5)	1.5		
Underlying profit	145.3	124.6	17%	9%
<i>Margin</i>	<i>18%</i>	<i>17%</i>	<i>1pp</i>	<i>1pp</i>
Cash flow from operations	92.6	121.7	(24)%	(35)%
Return on capital invested	14%	13%	1pp	0pp

### Sales

Recall's sales revenue was US\$815.3 million, up 10% (5% at constant currency), primarily reflecting ongoing growth in the storage of physical and digital information.

Sales revenue in the Document Management Solutions service line was US\$581.0 million, up 12% (6% at constant currency), driven by growth in cartons in storage of 5% due to the expansion of operations in the Americas and Europe.

Sales revenue in Secure Destruction Services business was US\$154.2 million, up 6% (3% at constant currency), on higher average paper prices through the year. In the Data Protection Solutions service line, sales revenue was US\$80.1 million, up 9% (4% at constant currency).

### Business wins

The impact during the period of net new business wins was US\$41 million, reflecting the strong contribution of two new contracts won in the prior period. The net annualised value of new business Recall won during financial year 2011 was US\$38 million.

### Profit

Recall's operating profit was US\$145.8 million, up 18% (10% at constant currency), as sales revenue grew and productivity improvements continued to drive increased margins. Underlying profit was US\$145.3 million, up 17% (9% at constant currency), reflecting the impact of Significant items.

Both the operating and Underlying profit margins improved 1 percentage point to 18%, as cost efficiencies offset expenditure on expanding Recall's sales force and improving its information technology systems.

### Cash flow and return on capital

Recall's cash flow from operations was US\$92.6 million, down US\$29.1 million, as capital expenditure increased to support increased storage capacity and investments in safety, security and IT systems.

Return on capital invested was 14% up 1 percentage point, in line with improved profitability.

## ADDITIONAL FINANCIAL INFORMATION

### CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT (ACCRUALS BASIS)

Year ended 30 June, US\$m	2011	2010	Change
CHEP Americas	272.6	204.5	(68.1)
CHEP EMEA	313.8	173.2	(140.6)
CHEP Asia-Pacific	105.5	67.0	(38.5)
Total CHEP	691.9	444.7	(247.2)
IFCO	48.1	-	(48.1)
Recall	81.8	53.8	(28.0)
Brambles HQ	0.1	0.3	0.2
Total Brambles	821.9	498.8	(323.1)

Brambles' capital expenditure (accruals basis) was US\$821.9 million, up US\$323.1 million, primarily because of CHEP increasing investment in new pallets to support new business wins and expansion into emerging markets. Capital expenditure was lower in the 2010 financial year because of low levels of pallet purchases following the impact on growth of the global economic downturn.

CHEP's capital expenditure was US\$691.9 million, up US\$247.2 million, including US\$591.1 million on pallets, US\$52.5 million on other pooling equipment and US\$48.3 million of other capital expenditure.

Capital expenditure in IFCO for the three months of the financial year under Brambles ownership was US\$48.1 million to support strong growth in the RPC business in all regions.

Recall's capital expenditure was US\$81.8 million, up US\$28.0 million, to support increased storage capacity and investments in safety, security and IT systems.

## CASH FLOW

Year ended 30 June, US\$m	2011	2010	Change
Underlying profit	857.2	733.4	123.8
Depreciation and amortisation	479.8	444.0	35.8
<b>EBITDA</b>	<b>1,337.0</b>	<b>1,177.4</b>	<b>159.6</b>
Capital expenditure	(764.7)	(496.5)	(268.2)
Proceeds from disposals	100.8	88.0	12.8
Working capital movement	(14.8)	14.7	(29.5)
Irrecoverable pooling equipment provision	104.9	111.2	(6.3)
Provisions/other	(38.1)	(12.5)	(25.6)
<b>Cash flow from operations</b>	<b>725.1</b>	<b>882.3</b>	<b>(157.2)</b>
Significant items outside ordinary activities	(35.1)	(52.1)	17.0
<b>Cash flow from operations (incl. Significant items)</b>	<b>690.0</b>	<b>830.2</b>	<b>(140.2)</b>
Financing costs and tax	(386.7)	(281.6)	(105.1)
<b>Free cash flow</b>	<b>303.3</b>	<b>548.6</b>	<b>(245.3)</b>
Dividends paid	(224.0)	(204.5)	(19.5)
<b>Free cash flow after dividends</b>	<b>79.3</b>	<b>344.1</b>	<b>(264.8)</b>

Free cash flow after dividends was US\$79.3 million, down US\$264.8 million, reflecting the increase in capital expenditure and a US\$105.1 million increase in financing costs and tax to US\$386.7 million. The increase in financing costs included the US\$48.2 million impact of repaying IFCO's high-yield debt.

## BRAMBLES VALUE ADDED

Year ended 30 June, US\$m, fixed June 2010 FX	2011	2010	Change
CHEP Americas	76.7	43.9	32.8
CHEP EMEA	149.9	151.4	(1.5)
CHEP Asia-Pacific	36.5	30.4	6.1
<b>Total CHP</b>	<b>263.1</b>	<b>225.7</b>	<b>37.4</b>
IFCO	(11.3)	-	(11.3)
Recall	17.5	10.8	6.7
Brambles HQ	(21.0)	(27.8)	6.8
<b>Total BVA</b>	<b>248.3</b>	<b>208.7</b>	<b>39.6</b>

Brambles Value Added (BVA), the Company's definition of economic profit, was US\$248.3 million, up US\$39.6 million, reflecting the increase in profitability in both CHP and Recall and a particularly strong improvement in CHP Americas. The decline in BVA for CHP EMEA reflected the impact of the Unitpool acquisition.

## NET DEBT & KEY RATIOS

As at 30 June, US\$m	2011	2010	Change
Current debt	325.6	276.0	49.6
Non-current debt	2,811.7	1,618.8	1,192.9
<b>Gross debt</b>	<b>3,137.3</b>	<b>1,894.8</b>	<b>1,242.5</b>
Less cash	(138.5)	(135.5)	(3.0)
<b>Net debt</b>	<b>2,998.8</b>	<b>1,759.3</b>	<b>1,239.5</b>
<b>Key ratios (times)</b>			
Net debt to EBITDA	2.2	1.5	0.7
EBITDA interest cover	10.5	10.7	(0.2)

Net debt was US\$2,998.8 million at 30 June 2011, up US\$1,239.5 million from 30 June 2010, reflecting the funding of the IFCO acquisition.

To diversify its funding sources further and lengthen debt maturities, Brambles raised €500 million in April 2011 through the issuance of guaranteed senior notes in the European capital markets. The notes have a seven-year maturity. Brambles used the proceeds to repay bank borrowings.

At 30 June 2011, Brambles had committed credit facilities including bonds and notes totalling US\$4,442.4 million. The average term to maturity of total credit facilities was 4.1 years.

The ratio of net debt to EBITDA at 30 June 2011 was 2.2 times, compared with 1.5 times at 30 June 2010, reflecting the funding of the IFCO acquisition.

Brambles intends to use part of the proceeds from the Recall divestment to retire debt in line with its financial policy to target net debt to EBITDA of less than 1.75 times. The Company is committed to maintaining its BBB+/Baa1 credit ratings.