Brambles

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Brambles Limited

ABN 89 118 896 021

Appendix 4E

Preliminary final report
for the year ended 30 June 2011

Year ended 30 June	2011 US$m	2010 US$m	% change (actual FX rates)	% change (constant FX rates)
STATUTORY RESULTS				
Continuing operations after Significant items:				
Sales revenue	**4,672.2**	4,146.8	13%	9%
Operating profit	**809.2**	724.5	12%	8%
Profit before tax	**681.7**	614.9	11%	7%
Profit after tax	**471.8**	443.9	6%	3%
Profit after tax - discontinued operations	**3.6**	4.9		
Profit for the year	**475.4**	448.8	6%	3%
Profit attributable to members of the parent entity	**475.3**	448.8	6%	3%
Basic EPS (US cents)	**32.9**	31.8	3%	-
Free cash flow after dividends	**79.3**	344.1		
Continuing operations before Significant items:				
Sales revenue	**4,672.2**	4,146.8	13%	9%
Underlying profit	**857.2**	733.4	17%	12%
Profit after tax	**523.6**	450.2	16%	12%
Basic EPS (US cents)	**36.2**	31.9	13%	9%
Final dividend* (Australian cents)	**13.0**	12.5		

* The 2011 final dividend is 20% franked and its record date is 21 September 2011.

A commentary on these results is set out in Brambles' Full-Year Results Announcement dated 17 August 2011.

PRELIMINARY FINAL REPORT
for the year ended 30 June 2011

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Brambles

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2011

	Note	2011 US$m	2010 US$m
Continuing operations			
Sales revenue	4	**4,672.2**	4,146.8
Other income	4	**135.0**	97.0
Operating expenses	4	**(4,004.4)**	(3,525.1)
Share of results of joint ventures	14	**6.4**	5.8
Operating profit		**809.2**	724.5
Finance revenue		**17.2**	7.6
Finance costs		**(144.7)**	(117.2)
Net finance costs		**(127.5)**	(109.6)
Profit before tax		**681.7**	614.9
Tax expense		**(209.9)**	(171.0)
Profit from continuing operations		**471.8**	443.9
Profit from discontinued operations	6	**3.6**	4.9
Profit for the year		**475.4**	448.8
Profit attributable to:			
- members of the parent entity		**475.3**	448.8
- non-controlling interest		**0.1**	-
Earnings per share (cents)	9		
Total			
- basic		**32.9**	31.8
- diluted		**32.7**	31.7
Continuing operations			
- basic		**32.6**	31.5
- diluted		**32.5**	31.4

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

Brambles

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

	2011 US$m	2010 US$m
Profit for the year	**475.4**	448.8
Other comprehensive income:		
Actuarial gains/(losses) on defined benefit pension plans	**13.9**	(5.9)
Exchange differences on translation of foreign operations	**279.0**	(71.2)
Cash flow hedges	**6.1**	1.4
Income tax on other comprehensive income	**(5.9)**	0.8
Other comprehensive income for the year	**293.1**	(74.9)
Total comprehensive income for the year	**768.5**	373.9
Total comprehensive income for the year attributable to:		
- members of the parent entity	**768.4**	373.9
- non-controlling interest	**0.1**	-

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

CONSOLIDATED BALANCE SHEET

as at 30 June 2011

	Note	June 2011 US$m	June 2010 US$m
ASSETS			
Current assets			
Cash and cash equivalents		**138.5**	135.5
Trade and other receivables		**1,050.3**	631.6
Inventories		**56.5**	33.5
Derivative financial instruments		**11.3**	14.5
Other assets		**56.9**	53.1
Total current assets		**1,313.5**	868.2
Non-current assets			
Other receivables		**9.6**	6.2
Investments		**16.8**	14.0
Property, plant and equipment		**4,279.0**	3,223.8
Goodwill		**1,694.3**	607.0
Intangible assets		**403.7**	158.6
Deferred tax assets		**36.3**	19.8
Derivative financial instruments		**14.1**	12.0
Other assets		**0.7**	0.7
Total non-current assets		**6,454.5**	4,042.1
Total assets		**7,768.0**	4,910.3
LIABILITIES			
Current liabilities			
Trade and other payables		**1,264.3**	681.4
Borrowings		**325.6**	276.0
Derivative financial instruments		**6.1**	12.2
Tax payable		**102.9**	78.5
Provisions		**189.3**	87.2
Total current liabilities		**1,888.2**	1,135.3
Non-current liabilities			
Borrowings		**2,811.7**	1,618.8
Derivative financial instruments		**3.2**	10.1
Provisions		**20.0**	34.0
Retirement benefit obligations		**37.4**	50.4
Deferred tax liabilities		**529.1**	408.2
Other liabilities		**27.0**	20.9
Total non-current liabilities		**3,428.4**	2,142.4
Total liabilities		**5,316.6**	3,277.7
Net assets		**2,451.4**	1,632.6
EQUITY			
Contributed equity	11	**14,370.2**	13,979.6
Reserves	12	**(14,716.8)**	(15,007.4)
Retained earnings		**2,797.6**	2,660.1
Parent entity interest		**2,451.0**	1,632.3
Non-controlling interest		**0.4**	0.3
Total equity		**2,451.4**	1,632.6

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

Brambles

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2011

	Note	2011 US$m	2010 US$m
Cash flows from operating activities			
Receipts from customers		**5,210.2**	4,658.5
Payments to suppliers and employees		**(3,815.6)**	(3,392.5)
Cash generated from operations		**1,394.6**	1,266.0
Dividends received from joint ventures		**5.6**	5.9
Interest received		**5.1**	2.9
Interest paid		**(169.6)**	(104.6)
Income taxes paid on operating activities		**(222.2)**	(179.9)
Net cash inflow from operating activities	13d	**1,013.5**	990.3
Cash flows from investing activities			
Payments for property, plant and equipment		**(764.7)**	(496.5)
Proceeds from sale of property, plant and equipment		**100.8**	88.0
Payments for intangible assets		**(46.3)**	(33.2)
Proceeds from disposal of businesses		**-**	1.3
Costs incurred on disposal of business		**(2.1)**	-
Acquisition of subsidiaries, net of cash acquired		**(1,050.2)**	-
Net cash outflow from investing activities		**(1,762.5)**	(440.4)
Cash flows from financing activities			
Proceeds from borrowings		**3,184.3**	2,222.9
Repayments of borrowings		**(2,487.7)**	(2,541.2)
Net (outflow)/inflow from hedge instruments		**(9.5)**	35.8
Proceeds from issues of ordinary shares		**231.1**	2.7
Dividends paid, net of Dividend Reinvestment Plan		**(224.0)**	(204.5)
Net cash inflow/(outflow) from financing activities		**694.2**	(484.3)
Net (decrease)/increase in cash and cash equivalents		**(54.8)**	65.6
Cash and deposits, net of overdrafts, at beginning of the year		**123.3**	54.1
Effect of exchange rate changes		**11.9**	3.6
Cash and deposits, net of overdrafts, at end of the year	13a	**80.4**	123.3

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

Brambles

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Note	Share capital US$m	Reserves[1] US$m	Retained earnings US$m	Non-controlling interest US$m	Total US$m
Year ended 30 June 2010						
Opening balance		13,847.6	(14,938.7)	2,520.1	0.3	1,429.3
Profit for the year		-	-	448.8	-	448.8
Other comprehensive income		-	(70.3)	(4.6)	-	(74.9)
Total comprehensive income		-	(70.3)	444.2	-	373.9
Share-based payments:						
- expense recognised		-	10.7	-	-	10.7
- shares issued		-	(9.1)	-	-	(9.1)
Transactions with owners in their capacity as owners:						
- dividends declared		-	-	(304.2)	-	(304.2)
- issues of ordinary shares, net of transaction costs		11.8	-	-	-	11.8
- issues of ordinary shares under Dividend Reinvestment Plan		120.2	-	-	-	120.2
Closing balance		13,979.6	(15,007.4)	2,660.1	0.3	1,632.6
Year ended 30 June 2011						
Opening balance		**13,979.6**	**(15,007.4)**	**2,660.1**	**0.3**	**1,632.6**
Profit for the year		**-**	**-**	**475.3**	**0.1**	**475.4**
Other comprehensive income		**-**	**282.8**	**10.3**	**-**	**293.1**
Total comprehensive income		**-**	**282.8**	**485.6**	**0.1**	**768.5**
Share-based payments:						
- expense recognised		**-**	**13.2**	**-**	**-**	**13.2**
- shares issued		**-**	**(9.2)**	**-**	**-**	**(9.2)**
- equity component of related tax		**-**	**3.8**	**-**	**-**	**3.8**
Transactions with owners in their capacity as owners:						
- dividends declared		**-**	**-**	**(348.1)**	**-**	**(348.1)**
- issues of ordinary shares, net of transaction costs	11	**240.8**	**-**	**-**	**-**	**240.8**
- issues of ordinary shares under Dividend Reinvestment Plan	11	**149.8**	**-**	**-**	**-**	**149.8**
Closing balance		**14,370.2**	**(14,716.8)**	**2,797.6**	**0.4**	**2,451.4**

[1] Refer Note 12 for further information on reserves.

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE PRELIMINARY FINAL REPORT
for the year ended 30 June 2011

NOTE 1. BASIS OF PREPARATION

This preliminary final report presents the consolidated results of Brambles Limited (ACN 118 896 021) and its subsidiaries (Brambles or the Group) for the year ended 30 June 2011.

The consolidated financial statements on which this preliminary final report is based comply with International Financial Reporting Standards (IFRS) and have 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.

The consolidated financial statements and all comparatives have been prepared using consistent accounting policies, as set out in Brambles' 2010 Annual Report.

NOTE 2. OTHER INFORMATION

A) 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.

B) FOREIGN CURRENCY

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

C) ROUNDING OF AMOUNTS

As Brambles Limited is a company of a kind referred to in ASIC Class Order 98/0100, relevant amounts in the preliminary final report have been rounded to the nearest hundred thousand US dollars.

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

NOTE 3. 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 17.

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 3. 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 5). 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 4. 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	**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 5)	**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 5. 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 8.

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 6. 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 7. 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 6)	**(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 6)	**(2.7)**	(1.0)
Total income tax expense	**207.2**	170.0

NOTE 8. 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 8. 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 9. 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.

	2011 million	2010 million
A) WEIGHTED AVERAGE NUMBER OF SHARES DURING THE PERIOD		
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) RECONCILIATION 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 3)	**857.2**	733.4
Net finance costs	**(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 5)	**(51.8)**	(6.3)
Profit from continuing operations	**471.8**	443.9

NOTE 10. DIVIDENDS

A) DIVIDENDS DECLARED AND PAID DURING THE YEAR

	Interim 2011	Final 2010
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

B) DIVIDEND DECLARED AFTER REPORTING DATE

	Final 2011
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.

NOTE 11. ISSUED AND QUOTED SECURITIES

	Options	Ordinary securities	
	Number	Number	US$m
At 1 July 2010	**9,184,368**	**1,422,229,707**	**13,979.6**
Issued during the year	**5,796,637**	**57,137,747**	**390.6**
Exercised during the year	**(1,379,781)**	**-**	**-**
Lapsed during the year	**(1,294,868)**	**-**	**-**
At 30 June 2011	**12,306,356**	**1,479,367,454**	**14,370.2**

NOTE 12. RESERVES

A) MOVEMENTS IN RESERVES

	Hedging US$m	Share-based payments US$m	Foreign currency translation US$m	Unification US$m	Other US$m	Total US$m
Year ended 30 June 2010						
Opening balance	(9.5)	71.1	218.2	(15,385.8)	167.3	(14,938.7)
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)
Closing balance	(8.6)	72.7	147.0	(15,385.8)	167.3	(15,007.4)
Year ended 30 June 2011						
Opening balance	**(8.6)**	**72.7**	**147.0**	**(15,385.8)**	**167.3**	**(15,007.4)**
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**
Closing balance	**(4.8)**	**80.5**	**426.0**	**(15,385.8)**	**167.3**	**(14,716.8)**

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 share rights issued but not yet exercised.

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.

NOTE 12. RESERVES - CONTINUED

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 13. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

	2011 US$m	2010 US$m
A) RECONCILIATION OF CASH		
Cash at bank and in hand	**112.1**	120.2
Short term deposits	**26.4**	15.3
Bank overdrafts	**(58.1)**	(12.2)
	80.4	123.3
B) 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

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 and fair value adjustments on certain hedging instruments.

C) 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 13. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

	2011 US$m	2010 US$m
D) RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
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 13. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED

	2011 US$m	2010 US$m
E) RECONCILIATION OF MOVEMENT IN NET DEBT		
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

NOTE 14. EQUITY-ACCOUNTED 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 2011	2010
CISCO - Total Information Management Pte. Limited (Information management)	Singapore	**49%**	49%
Recall Becker GmbH & Co. KG (Document management services)	Germany	**50%**	50%

B) SHARE OF RESULTS OF JOINT VENTURES - CONTINUING OPERATIONS

	2011 US$m	2010 US$m
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

NOTE 15. NET TANGIBLE ASSETS PER SHARE

	2011 US cents	2010 US cents
Based on 1,479.4 million shares (2010: 1,422.2 million shares):		
- Net tangible assets per share	**23.9**	61.0
- Net assets per share	**165.7**	114.8

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets, by the number of shares on issue at year end.

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

NOTE 16. CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities as set out in Brambles' 2010 Annual Report.

NOTE 17. 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.

Except as outlined in this preliminary final 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.

Brambles

STATEMENT OF COMPLIANCE

This report is based upon financial statements which have been audited.

The audit report, which is unqualified, will be made available with Brambles' 2011 Annual Report.

Robert Gerrard
Company Secretary

17 August 2011