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20 August 2009

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

Via electronic lodgement

Dear Sir,

BRAMBLES DELIVERS REVENUE GROWTH AND STRONG CASH FLOW – WELL PLACED TO ACCELERATE FINANCIAL PERFORMANCE AS ECONOMIES RECOVER

Attached is a release to the Exchange from Brambles Limited on its preliminary final report for the year ended 30 June 2009.

Yours faithfully
Brambles Limited

Robert Gerrard
Company Secretary

20 August 2009 ASX & Media Release

Brambles delivers revenue growth and strong cash flow - well placed to accelerate financial performance as economies recover

Net new business wins across all regions

Amid highly challenging global economic conditions, Brambles today reported resilient sales and a strong cash flow performance for the year ending 30 June 2009. Sales revenue from continuing operations was up 1%[1] (down 8% in actual currency) to US$4.0 billion, driven by new business wins (net of any losses)[2] of approximately US$100 million and price/mix gains in both CHEP and Recall offsetting weak organic volumes[3].

Underlying profit[4] was US$900.6 million, a decrease of 8% (down 16% in actual currency). The difficult economic conditions particularly impacted CHEP's automotive sector[5] (down 23%), gave rise to increased plant costs in CHEP and drove down recycled paper revenue in Recall's Secure Destruction Services[6] (SDS).

Excluding automotive and SDS, Group sales revenue increased 3% and Underlying profit decreased 5%, a resilient result in the context of declining retail sales in the United States and key European markets during the year.

The result also reflects the continued investment in growth initiatives such as China and India. Future growth will be driven by a combination of this investment, continuing new business wins, general operating leverage and any upswing in automotive and SDS paper revenues as economies recover.

Focus on cash generation and disciplined capital management reinforces strong balance sheet

Free cash flow after dividends improved strongly to US$141.9 million. Cash flow from continuing operations was US$722.4 million, an increase of US$8.1 million in constant currency, mainly due to a significant reduction in capital expenditure to levels appropriate in the current environment.

During FY09, the Company renewed US$1.9 billion of debt facilities for terms between 3 and 5 years, and at balance date had undrawn committed bank facilities totalling US$1.2 billion.

The Chief Executive Officer of Brambles, Mike Ihlein, said: "I am pleased that we have been able to drive revenue and cash flow growth across our business, with net new wins offsetting declines in organic volumes that reflected worsening global economic conditions in the last 9 months of the financial year. Our balance sheet also remains strong, with a prudent level of debt and substantial undrawn committed credit facilities.

"Even though our underlying profitability in FY09 has been adversely affected by a number of factors, we expect many of those will turn around quickly when markets improve.

"This result demonstrates the continued resilience of our businesses. CHEP is a global business helping make the world's supply chains more efficient, providing visibility to supply chain costs and delivering value for customers. Recall is a global leader in document and information management. The power of our value propositions, even in difficult times is shown by our ability to win considerable new business during the past year."

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[1] All growth comparisons, except for statutory measures, are in constant currency terms unless otherwise indicated. Constant currency is calculated by translating foreign currency results at the exchange rates applicable during the previous year.
[2] Net new business wins are new business and lane expansion won in the period plus wins from the prior year carried forward 12 months, less business losses in the period.
[3] Organic volume is defined as volume with existing customers, excluding lane expansion.
[4] Brambles now uses 'Underlying profit' as a simplified non-statutory profit measure to replace 'Comparable operating profit', used in previous years. Underlying profit is profit from continuing operations before finance costs, tax and Significant items. Refer to Brambles' interim result announcement dated 16 February 2009 for further information.
[5] CHEP's automotive sales revenue comprises 3% of Brambles' sales revenue.
[6] Recall's SDS sales revenue comprises 4% of Brambles' sales revenue.

Major initiatives on track and will help underpin future performance

Brambles is in line or ahead of plan with delivery of the previously announced[7] initiatives to improve cost structures, underpin future operating performance over the medium to long term and meet customer requirements. These initiatives include the CHEP USA pallet quality program, the facilities and operations rationalisation program and the CHEP USA accelerated pallet scrapping program, all of which will deliver future benefits to the Company. In addition, the new arrangements with Walmart have been successfully implemented.

Business unit performance

- CHEP Americas sales revenue grew 2% (down 2% in actual currency) while Underlying profit was down 6% (down 10% in actual currency) primarily due to increased plant costs driven by the slowdown in the economy, and some increase in indirect costs.

  In CHEP USA, overall volumes declined by 1%. Net new business wins contributed 3% volume growth but were offset by a 4% decline in organic volume. Sales revenue remained in line with the prior year due to favourable price and mix.

  CHEP Latin America continued to grow strongly with 12% sales revenue growth, while CHEP Canada achieved 4% sales revenue growth.

- CHEP Europe, Middle East & Africa (EMEA) sales revenue was in line with last year (down 12% in actual currency), reflecting net new business wins and favourable price/mix offsetting a 5% decline in organic volumes. Underlying profit was down 7%. Excluding the impact of automotive, sales revenue grew by 2% while Underlying profit was down by only 2%.

- CHEP Asia-Pacific sales revenue grew 1% (down 16% in actual currency) with Underlying profit impacted by a decline in automotive, costs associated with the continued investment China and India, the full year impact of a new regional management structure to support future growth, as well as the establishment costs of a major new RPC contract. Excluding automotive, sales revenue was up 3% and Underlying profit was down 12%.

- Recall sales revenue grew 1% (down 8% in actual currency). A strong performance in the Document Management Solutions (DMS) business in all regions offset a decline in the SDS business. Underlying profit declined by 3% (down 15% in actual currency). Excluding SDS, sales revenue was up 6% and Underlying profit was up 8%.

Statutory profit / Earnings per share (EPS)

After Significant items[8] before tax of US$182.4 million, statutory operating profit was down 30% to US$718.2 million. Profit after tax from continuing operations was down 33% to US$434.0 million.

EPS on Underlying profit after finance costs and tax was 38.5 US cents, down 7% (down 15% at actual rates). Statutory EPS was down 29% to 32.6 US cents, reflecting Significant items and the impact of unfavourable foreign currency translation.

Dividend

The Board has declared a final dividend of 12.5 Australian cents per share, taking the full year dividend total to 30.0 cents per share, compared with 34.5 cents the previous year. This reflects the Board's focus on prudent conservation of cash in the current environment.

The final dividend is 20% franked and payable on 8 October 2009, based on a record date of 18 September 2009.

CHEP USA Review on track for end-September completion

Brambles has been undertaking a review of CHEP USA to position the business for the medium to long term. The objective of the review is to determine the optimal range of service offerings, pallet platforms, pallet quality, service centre network requirements and cost and pricing structures to best meet future customer needs. The review is on track to be completed by the end of September, with the results to be announced in early October.

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[7] Refer to page 1 of Brambles' interim result announcement dated 16 February 2009

[8] Refer to Table 2 on page 6 and Significant items on pages 12 and 13 for further information.

As part of the review, further significant and positive customer engagement has been undertaken to better understand their future needs and market trends, and to determine how CHEP can best create future growth opportunities and deliver customer requirements.

Commenting on the CHEP USA Review, Mr Ihlein said, "The review of our CHEP USA business, when finalised, will be a key component of our broader strategy for the USA market. Whilst the review is not yet complete, it is clear that a wood pallet platform remains the best solution for the broad supply chain in the USA in terms of both economic and environmental sustainability. Alternative platforms such as plastic are currently not sustainable outside niche segments of the USA supply chain – in short, wood is here to stay."

Brambles well placed to accelerate financial performance as economies recover

Brambles has largely offset weakness in organic volumes with considerable net new business wins in all key geographies of both CHEP and Recall. This is despite challenging trading conditions across the globe, including a very weak automotive sector and exceptionally low recycled paper revenues.

The Company's initiatives to deal with the economic downturn, address customer requirements, improve cost structures and realise efficiencies will provide a solid foundation to drive future operating performance. It will also continue its investment program for medium to long term growth in countries and regions such as China, India and Central and Eastern Europe.

Recent early signs of improving macro-economic stability in a number of markets are encouraging. In particular, the de-stocking by Brambles' customers that has been evident in the last year appears to be coming to an end. An improvement in economic conditions will, in due course, positively impact the Company's major customers as they return to growth, which in turn will benefit Brambles due to its strong underlying business models and robust new business pipeline.

Mr Ihlein concluded, "Even in a severe economic downturn, Brambles has been able to deliver sales revenue growth. As global markets recover, we should experience a return to our traditional stronger rate of sales revenue growth reflecting both organic growth and new business wins together with expected improvements in the automotive sector and better recycled paper revenues. Combined with operating leverage in the pallet business in an upturn, an ongoing focus on cash generation and a solid balance sheet, Brambles is well placed to accelerate financial performance as economies recover."

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Brambles is globally headquartered in Australia

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

There will be a management briefing on this result to investment analysts in Sydney at 10.30am on 20 August 2009. The briefing will be webcast on the Brambles website, www.brambles.com. All presentation materials will be posted to the website prior to the presentation. A replay of the webcast including questions and answers will be available shortly after the conclusion of the live presentation.

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

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

Overview FY09 – Continuing operations

Group sales revenue: US$4.019 billion, up 1% (down 8% in actual currency), an encouraging result reflecting continuing success in winning net new business and price/mix gains which, as the economic slowdown deepened in the second half, offset a decline in organic volume. The automotive sector and recycled paper revenue (affecting Secure Destruction Services (SDS) in Recall) were especially weak. Excluding automotive and SDS, Group sales revenue grew 3%, well ahead of the declines in retail sales in many parts of the world.

Underlying profit: US$900.6 million, down 8% (down 16% in actual currency) primarily due to:

- factors which were largely economic in nature:
  - o the impact of the global downturn including significantly lower revenue from the automotive sector in CHEP and SDS in Recall
  - o the impact of higher numbers of pallets being returned from the field driving increased handling and storage costs and, in some cases, greater pallet relocations
- continued investment in growth initiatives such as the developing CHEP businesses in China, India and Central and Eastern Europe, and RPCs in Australia

Earnings per share on Underlying profit after finance costs and tax (EPS) of 38.5 US cents was down 7% (down 15% in actual currency). Australian dollar EPS was 51.7 Australian cents (FY08: 50.0 Australian cents).

Free cash flow after dividends for the 2009 year improved strongly to US$141.9 million reflecting continuing **strong cash flow from operations** which was US$722.4 million, up US$8.1 million in constant currency. Lower Underlying profit was more than offset by significantly reduced capital expenditure, demonstrating the cash generation strength of the Brambles business models. Nearly 70% of cash flow from operations was generated in the second half of the year.

Strong balance sheet with a prudent level of debt and US$1.2 billion of undrawn committed bank facilities at 30 June 2009. **US$1.9 billion of debt facilities renewed** during the year, including US$0.9 billion in the second half.

Significant items were in line with guidance provided at the interim result[9] and totalled US$182.4 million before tax (of which 2H09: US$50.7 million)[10].

After Significant items, **statutory operating profit** was down 30% to US$718.2 million. **Profit after tax from continuing operations** was down 33% to US$434.0 million and statutory EPS was down 29% to 32.6 US cents.

Business unit performance:
Brambles increased constant currency sales revenue as net new business wins largely continued to offset the impact of the global economic recession on organic volumes. However, Underlying profit was lower than the prior year.

- **CHEP Americas**
  Sales revenue grew 2% (down 2% in actual currency) while Underlying profit was US$434.4 million, down 6% (down 10% in actual currency) primarily due to increased plant costs driven by the slowdown in the economy, and some increase in indirect costs.
- **CHEP EMEA**
  Sales revenue was in line with last year (down 12% in actual currency) reflecting net new business wins and favourable price/mix offsetting a 5% decline in organic volumes. EMEA also generated strong cash flow. Underlying profit was 7% lower at US$327.5 million (down 17% in actual currency), largely due to automotive. Excluding automotive, sales revenue grew by 2% while Underlying profit was down by 2%.
- **CHEP Asia-Pacific**
  Sales revenue grew 1% (down 16% in actual currency) with Underlying profit down 19% (down 36% in actual currency) to US$61.1 million primarily due to a decline in automotive, costs

[9] Excluding foreign exchange gains on repatriation of capital where no guidance was provided
[10] Refer to pages 12 and 13 for further details

associated with the continued investment for future growth in China and India, the full year impact of a new regional management structure to support growth and the establishment costs of a major new RPC contract. Excluding automotive, sales revenue was up 3% and Underlying profit was down 12%.

- **Recall**
  Sales revenue grew 1% (down 8% in actual currency). A strong performance in the Document Management Solutions (DMS) business in all regions offset a decline in SDS. Increased investment in information technology and marketing for future growth resulted in an overall reduction in Underlying profit of 3% (down 15% in actual currency) to US$104.3 million. Excluding SDS, sales revenue was up 6% and Underlying profit up 8%.

Brambles Value Added (BVA) for continuing operations was US$334 million, down US$198 million (at comparable fixed exchange rates) reflecting the impact of the economic downturn, Significant items within ordinary activities and investments for future growth, especially in CHEP Asia-Pacific.

Final dividend declared of 12.5 Australian cents per share, franked to 20%. Including the interim dividend of 17.5 Australian cents per share, total dividends declared for the 2009 financial year are 30.0 Australian cents per share.

Dividend Reinvestment Plan (DRP) introduced for the 2009 interim dividend at a price discount of 2.5%. The DRP remains in place for the final dividend at the 2.5% discount rate.

Table 1
Sales revenue and Underlying profit

US$ million	FY09 actual	FY09 at prior year fx rates	FY08 actual	% change (actual fx rates)	% change (constant currency)
Sales revenue					
CHEP Americas	1,556.9	1,617.5	1,581.3	(2)	2
CHEP EMEA	1,452.6	1,640.3	1,642.1	(12)	-
CHEP Asia-Pacific	323.4	390.4	386.9	(16)	1
Total CHEP	**3,332.9**	**3,648.2**	**3,610.3**	**(8)**	**1**
Recall	685.7	759.1	748.3	(8)	1
Total sales revenue	**4,018.6**	**4,407.3**	**4,358.6**	**(8)**	**1**
Underlying profit					
CHEP Americas	434.4	454.4	483.8	(10)	(6)
CHEP EMEA	327.5	368.8	396.5	(17)	(7)
CHEP Asia-Pacific	61.1	77.5	95.9	(36)	(19)
Total CHEP	**823.0**	**900.7**	**976.2**	**(16)**	**(8)**
Recall	104.3	118.2	122.4	(15)	(3)
Brambles HQ	(26.7)	(32.0)	(26.7)	-	(20)
Underlying profit	**900.6**	**986.9**	**1,071.9**	**(16)**	**(8)**
Net finance costs	(120.9)	(132.9)	(149.5)	19	11
Underlying profit before tax	**779.7**	**854.0**	**922.4**	**(15)**	**(7)**
Tax expense on Underlying profit	(245.4)	(268.8)	(282.4)	13	5
Underlying profit after finance costs and tax	**534.3**	**585.2**	**640.0**	**(17)**	**(9)**

Table 2 Reconciliation of Underlying profit to statutory operating profit				
US$ million	**FY09**		**FY08**	
	Before tax	**After tax**	**Before tax**	**After tax**
Underlying profit (from Table 1)	**900.6**	**534.3**	**1,071.9**	**640.0**
CHEP USA - pallet quality program	(77.4)	(47.1)	(20.6)	(12.6)
CHEP USA - Walmart net transition impact	(29.0)	(17.7)	(10.9)	(6.7)
Restructuring:				
Facilities and operations rationalisation	(54.3)	(46.0)	(5.1)	(0.9)
CHEP USA accelerated scrapping of 7 million surplus pallets	(99.0)	(60.3)	-	-
FX gain on capital repatriation from foreign subsidiary	77.3	77.3	-	-
Other	-	(6.5)	(4.7)	27.1
Operating profit (see Table 3)	**718.2**	**434.0**	**1,030.6**	**646.9**

Table 3 Statutory profit			
US$ million	**FY09**	**FY08**	**% change (actual fx rates)**
Statutory profit			
CHEP Americas	229.0	452.3	(49)
CHEP EMEA	286.5	396.5	(28)
CHEP Asia-Pacific	57.9	95.9	(40)
Total CHEP	**573.4**	**944.7**	**(39)**
Recall	95.9	121.9	(21)
Brambles HQ	48.9	(36.0)	
Operating profit	**718.2**	**1,030.6**	**(30)**
Net finance costs	(120.9)	(149.5)	19
Profit before tax	**597.3**	**881.1**	**(32)**
Tax expense	(163.3)	(234.2)	30
Profit from continuing operations	**434.0**	**646.9**	**(33)**
Profit from discontinued operations	18.6	1.8	
Profit for the year	**452.6**	**648.7**	**(30)**
Weighted average number of shares (millions)	**1,388.3**	**1,409.2**	
EPS on Underlying profit after finance costs and tax:			
(US cents)	**38.5**	**45.4**	**(15)**
(Australian cents)	**51.7**	**50.0**	**3**
EPS (US cents)	**32.6**	**46.0**	**(29)**
Total dividend (Australian cents per share)	**30.0**	**34.5**	**(13)**

Business Unit Operations Review

CHEP Americas

Table 4 CHEP Americas				
US$ million	**FY09**	**FY08**	**% change (actual fx rates)**	**% change (constant currency)**
Sales revenue	1,556.9	1,581.3	(2)	2
Underlying profit*	434.4	483.8	(10)	(6)
Underlying profit margin	28%	31%	(3)pp	(3)pp
Statutory profit*	229.0	452.3	(49)	
Cash flow from operations	267.0	365.2		

* The difference between Underlying profit and statutory profit is due to Significant items of US$205.4 million (FY08: US$31.5 million): Pallet quality program: US$77.4 million (FY08: US$20.6 million); Walmart net transition impact: US$29.0 million (FY08: 10.9 million); Accelerated pallet scrapping: US$99.0 million (FY08: nil)

Americas
CHEP Americas reported increased sales revenue despite the challenging economic environment across all countries in the region. Sales revenue was US$1,556.9 million, up 2% (down 2% in actual currency), due to significant net new business wins and moderate price/mix gains offsetting a decline in organic volumes.

Despite the growth in sales revenue, Underlying profit was lower at US$434.4 million, down 6% (down 10% in actual currency), primarily due to higher plant and indirect costs.

Plant costs increased by US$37 million (constant currency) primarily due to:
- the economic slowdown resulting in higher numbers of pallets being returned from the field driving increased handling and storage costs (approximately US$10 million);
- increased service centre costs (approximately US$14 million) including costs associated with plant network optimisation, increased Total Pallet Management (TPM) activities and increased repair costs related to reducing new pallet commitments; and,
- other costs (approximately US$10 million), principally inflation and general cost increases.

Transport costs reduced by US$6 million (constant currency) reflecting the benefits of plant network optimisation.

Indirect costs increased by US$30 million (constant currency) primarily as a result of investment in growth (mainly LeanLogistics and Latin America expansion) and lower levels of pallet compensations in the USA. CHEP Americas' Irrecoverable Pooling Equipment Provision (IPEP) expense was US$11 million higher mainly due to timing factors (the completion of a significant number of pallet audits during 2H09).

CHEP Americas cash flow from operations was US$98.2 million lower than the previous year primarily due to expenditure on the CHEP USA pallet quality program, the Walmart transition arrangements and the reduction in Underlying profit. Encouragingly, capital expenditure was lower than prior year by US$46.6 million reflecting progress made on converting customers off new pallets in 2H09 leading to 1.5 million fewer pallet purchases in the USA. Second half capital expenditure for CHEP Americas was US$22.6 million lower than the first half.

USA
In CHEP USA, overall volumes declined by 1%. Net new business wins contributed 3% volume growth but were offset by a 4% decline in organic volume. Favourable price and mix resulted in sales revenue being in line with the prior year.

The FY09 sales revenue impact from net new business wins in the USA was approximately US$35 million. Whilst trading was competitive, CHEP USA won new business including Scott's (fertilisers / garden products), New World Pasta, the prepared foods division of Nestlé, Reser's and Bumble Bee Foods. Although some business was lost during the year, the emphasis remains on winning new business and winning back lost business with improved service and pallet quality.

On an annualised basis, the sales revenue impact of new business wins was sufficient to offset the losses during the year and demonstrates the continuing strength of the USA new business sales pipeline.

In line with guidance issued at the interim result, Significant items within ordinary activities included:

- US$29.0 million due to the Walmart transition arrangements (now completed), slightly below the original US$30 million forecast spend (2H09: US$8.8 million). The future economic cost estimated at US$5 million per annum will be reflected within Underlying profit from FY10.
- US$77.4 million operating expenditure on the two year CHEP USA pallet quality program together with US$5.0 million in capital expenditure. The positive response from customers to this program has continued.

Significant items outside ordinary activities:

- US$99.0 million for the accelerated scrapping of seven million pallets.

Latin America and Canada
CHEP Latin America continued to grow strongly with 12% sales revenue growth driven by a combination of volume growth from new customers and existing business, and inflationary price increases. However, Underlying profit declined due to investment expenditure for growth and higher commodity costs arising from the currency impact of US dollar denominated cost.

CHEP Canada achieved 4% sales revenue growth. The customer base was expanded with the addition of nearly 300 new customers in FY09.

LeanLogistics
LeanLogistics made excellent progress during its first full year of ownership and contributed US$13.2 million of sales revenue in the year which represents over 20% growth on a like-for-like basis. The business continued to expand the customer base for its On-Demand TMS®[11], sales revenue from its Managed Services offering increased significantly and GreenLanes (Freight Optimization Services) grew steadily throughout the year.

[11] On-Demand TMS® provides customers complete daily planning, execution, and settlement functions in addition to periodic strategic procurement of their transportation requirements.

CHEP EMEA

Table 5
CHEP EMEA

US$ million	FY09	FY08	% change (actual fx rates)	% change (constant currency)
Sales revenue	1,452.6	1,642.1	(12)	-
Underlying profit*	327.5	396.5	(17)	(7)
Underlying profit margin	23%	24%	(1)pp	(2)pp
Statutory profit*	286.5	396.5	(28)	
Cash flow from operations	372.7	296.1		

* The difference between Underlying profit and statutory profit is due to Significant items comprising Restructuring - facilities and operations rationalisation US$41.0 million (FY08: nil)

CHEP EMEA has delivered a solid performance in a challenging economic environment. Sales revenue was US$1,452.6 million, in line with the prior year (down 12% in actual currency), primarily due to net new business wins and price/mix offsetting a 5% decline in organic volumes.

The main contributor to the lower organic volumes was the automotive business (sales revenue down 22%), which declined significantly from October 2008 until stabilising in recent months. Excluding automotive, CHEP EMEA sales revenue increased by 2%.

Pallet volumes in Europe were in line with FY08. Strong new business wins offset a 3% decline in organic pallet volumes due to weak economic conditions, which were particularly pronounced in the UK. The FY09 sales revenue impact from net new business wins in CHEP Europe was approximately US$40 million. Wins in the year included Leche Pascual in Spain (won back from a pooling competitor), confectioner Haribo in Germany, DIY supplier Tarmac in the UK, Pastacorp in France, LEGO in the Czech Republic, Colgate Palmolive in Denmark and Inergy Automotive Systems.

The focus on Germany and Poland has resulted in strong domestic growth in B1208A pallets, with associated sales revenue up 20% and 60% respectively for the year.

Strong sales revenue growth in CHEP Middle East and Africa (up 16%) was driven by increases in both volume and price. A significant RPC contract in South Africa has been signed with Pick ‘n’ Pay which is expected to come fully on stream during FY10.

CHEP Europe’s plant costs increased in FY09 due to the weak economy. This resulted in a higher number of pallets being returned from the field leading to increased handling and storage costs. Material and labour costs also increased resulting in plant costs as a percentage of sales increasing by 1pp to 26%. Transportation costs increased mainly due to the decision to relocate higher numbers of B1210A pallets from the UK to continental Europe in order to reduce capital expenditure on new pallets. The transportation cost ratio increased 1pp to 24%.

Underlying profit in CHEP EMEA of US$327.5 million was 7% lower (down 17% in actual currency). The main reasons for the profit shortfall were economy driven due to the decline in the automotive business and higher pallet relocations as outlined above. Overheads were in line with last year with investments in the growth markets of Germany and Poland offset by efficiency programmes. The Underlying profit margin declined slightly to 23% as a result. Excluding automotive, Underlying profit for CHEP EMEA was down by 2%.

Cash flow from operations in constant currency increased by US$130.1 million (US$76.6 million in actual currency) due to lower capital expenditure reflecting careful asset management (including the higher pallet relocations) and improvements in working capital management. Strong credit control led to Europe’s average debtors days reducing by 4 days to 54 days.

CHEP Asia-Pacific

Table 6
CHEP Asia-Pacific

US$ million	FY09	FY08	% change (actual fx rates)	% change (constant currency)
Sales revenue	323.4	386.9	(16)	1
Underlying profit*	61.1	95.9	(36)	(19)
Underlying profit margin	19%	25%	(6)pp	(5)pp
Statutory profit*	57.9	95.9	(40)	
Cash flow from operations	9.8	58.0		

* The difference between Underlying profit and statutory profit is due to Significant items comprising Restructuring - facilities and operations rationalisation US$3.2 million (FY08: nil)

Sales revenue was up 1% to US$323.4 million (down 16% in actual currency). This result was achieved in spite of ongoing difficult conditions in the Australian automotive sector, excluding which, CHEP Asia-Pacific sales revenue grew by 3%. The established pallet businesses in Australia, New Zealand and South East Asia demonstrated resilience in difficult trading conditions. Increased sales revenue was achieved from the emerging businesses in China and India.

The RPC business sales revenue grew by 4%, driven by the part-year impact of the commencement of significant new contracts in Australia and New Zealand. For FY09, the profit growth from the part-year contribution from these contracts was exceeded by set-up costs to expand the service centre network to serve these opportunities.

CHEP Asia-Pacific's Underlying profit of US$61.1 million was down 19% (down 36% in actual currency). This reduction was due to:

- substantial production declines in the Australian automotive sector;
- supply chain destocking in Australia and New Zealand leading to higher numbers of net pallet returns, reducing daily hire revenue growth and increasing storage and handling costs;
- costs incurred in developing new pallet service centres to drive future efficiencies and support the commencement of a new RPC contract in Australia; and
- costs associated with the start up of the investments in China and India and the full year impact of a regional management structure to support growth.

China and India in aggregate delivered US$7.8 million of sales revenue in FY09 and incurred an Underlying loss of US$17.7 million (FY08: US$13.1 million). The increased loss which was in line with expectations was largely due to the first full year of operations in India.

The China business has made strong progress in expanding its pallet and automotive businesses and now has over 250 customers serviced by four offices and over 100 staff. Recent customer wins include Hewlett-Packard and Chery Automotive, China's largest independent automotive manufacturer. The India business commenced operations in June 2008 and provides pallet and container services to customers across the country. CHEP India now has over 50 staff with key customers including PepsiCo, Hindustan Unilever, Procter & Gamble, United Breweries and Coca-Cola franchise bottler, Indo European Breweries Limited.

Cash flow from operations was US$48.2 million lower than the previous year due to the initial capital investment required to support a new RPC contract in Australia and the reduction in the region's Underlying profit. Capital expenditure for China and India combined was US$19.0 million in the year (FY08: US$29.0 million).

Recall

Table 7 Recall				
US$ million	**FY09**	**FY08**	**% change (actual fx rates)**	**% change (constant currency)**
Sales revenue	685.7	748.3	(8)	1
Underlying profit*	104.3	122.4	(15)	(3)
Underlying profit margin	15%	16%	(1)pp	(1)pp
Statutory profit*	95.9	121.9	(21)	
Cash flow from operations	106.9	127.7		

* The difference between Underlying profit and statutory profit is due to Significant items comprising Restructuring - facilities and operations rationalisation US$8.4 million (FY08: $0.5 million)

Recall sales revenue was up 1% to US$685.7 million (down 8% in actual currency). Growth was achieved in all regions except Americas (sales revenue down 2%) where the impact of the global economic slowdown on SDS business was felt the most, including significantly lower recycled paper prices. Excluding SDS, Recall's sales revenue grew 6%.

A strong performance was achieved in DMS in all regions with carton volumes increasing by 6%. Sales revenue of US$470.8 million was up 6% (down 5% in actual currency). DMS gross margins increased to 39% driven by improvements in service delivery efficiencies in North America and was achieved despite little growth in customer activity levels in the current economic environment.

SDS sales revenue was down 13% (down 18% in actual currency) to US$145.6 million due to a significant reduction in paper prices and lower activity, particularly in North America and Europe. The reduction in paper prices resulted in the SDS gross margin falling by 7pp to 33%.

Underlying profit of US$104.3 million was 3% lower than the previous year (down 15% in actual currency). Recall's gross profit in constant currency was in line with the prior year with improvements in DMS offsetting the fall in SDS margins. Underlying profit was also impacted by investment in information technology and marketing to support future growth. Recall has implemented cost cutting measures throughout the year to respond to the global economic decline.

Cash flow from operations was US$20.8 million lower, mainly due to foreign currency translation. Major capital expenditure during the year included racking and safety infrastructure to support growth throughout all regions, along with investments in new state-of-the-art Information Centres in the UK and Thailand.

Significant items

In response to the challenging economic environment, Brambles has implemented a number of initiatives to improve its cost structure, underpin future operating performance over the medium to long term and meet customer requirements. During the 2009 financial year, Brambles had Significant items before tax of US$182.4 million (US$100.3 million after tax)[12] as follows:

Significant items within ordinary activities:

CHEP USA pallet quality program: US$77.4 million before tax (US$47.1 million after tax)

Expenditure on the two year CHEP USA pallet quality program was US$82.4 million during the year, comprising US$77.4 million in operational expenditure and US$5.0 million in capital expenditure. Pending the outcomes of the USA Review, approximately US$53 million (US$37 million operational expenditure and US$16 million capital expenditure) will be incurred in the remaining six months of the program to December 2009.

CHEP USA - Walmart net transition impact: US$29.0 million before tax (US$17.7 million after tax)

The Walmart transition arrangements have now been completed and the net cost in FY09 was US$29.0 million before tax (of which 2H09: US$8.8 million), slightly better than the original forecast spend. Estimated future ongoing costs of US$5 million before tax per annum are in line with previous estimates and will be included as part of Underlying profit for FY10 and future years.

Significant items outside ordinary activities:

Restructuring - facilities and operations rationalisation: US$54.3 million before tax (US$46.0 million after tax)

The Company announced in February 2009 that it would be implementing a range of initiatives involving the rationalisation of a number of facilities and operations. Once completed, these initiatives will result in a reduction of approximately 600 people across the businesses at an estimated total cost of approximately US$60 million (before tax). Savings will begin to flow through in FY10 and are estimated to be in the order of US$40-50 million per annum (before tax) once the rationalisation program is fully implemented by FY11. These programs will help ensure a more efficient cost structure but one still capable of growing the business.

The impact in FY09 was a Significant item charge of US$54.3 million (before tax) with the balance of the programme expenditure to be reflected in FY10 as previously indicated.

The restructuring program has progressed well with all of the key elements proceeding in line with plan. There has been no significant disruption to the businesses from any of the changes made so far, including those where closures of facilities have been announced.

Restructuring CHEP USA - accelerated scrapping of seven million excess pallets: US$99.0 million before tax (US$60.3 million after tax)

As detailed in Brambles' interim result release on 16 February 2009, CHEP USA has commenced a two year program to accelerate the scrapping of seven million pallets which are deemed excess to requirements.

The impact is a Significant item charge of US$99.0 million (before tax) comprising an asset write down of US$33.6 million (net of the value of timber recovery) and provisions for costs of the scrapping program of US$65.4 million. The scrapping program is progressing well and as at 30 June 2009, a total of circa 800,000 pallets had been scrapped, in line with plan.

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[12] Refer to Table 2 on page 6 for further information

Foreign exchange gain on repatriation of capital: US$77.3 million (before and after tax)

As part of optimising the Group's funding, a European subsidiary repatriated €460 million of capital to Australia. This resulted in the Group deriving a non-taxable foreign exchange profit of US$77.3 million, along with a reduction in FY09 interest expense of US$6 million.

Additional Financial Information

Capital expenditure – property, plant & equipment

Table 8

Capital expenditure on property, plant & equipment (accruals basis)

US$ million	FY09	FY08	Change
CHEP Americas	290.8	337.4	46.6
CHEP EMEA	234.4	353.2	118.8
CHEP Asia-Pacific	92.7	103.7	11.0
Total CHEP	**617.9**	**794.3**	**176.4**
Recall	52.4	54.5	2.1
Brambles HQ	2.1	0.4	(1.7)
Total capital expenditure	**672.4**	**849.2**	**176.8**

Brambles capital expenditure was US$176.8 million lower than the previous year (including the benefit of US$65.3 million from foreign currency translation). Capital expenditure has been tightly managed as sales growth slowed and customers reduced stock levels and returned more pallets to CHEP.

In CHEP Americas, capital expenditure was down by US$46.6 million with the majority of the reduction taking place in the second half of FY09. The main contributor was CHEP USA which benefited from a reduction in the number of new pallets required for contractual commitments to certain customer locations. Further reductions in these commitments and the level of imports into the USA on CHEP pallets will continue to benefit capital expenditure in FY10.

CHEP EMEA reduced capital expenditure by US$118.8 million, mainly due to lower pallet purchases in the slower economic environment.

CHEP Asia-Pacific capital expenditure also declined but mainly due to foreign currency translation. During the year there was a substantial initial investment in containers for a new Australian RPC contract which was partially offset by reductions in pallet capital expenditure in Australia and China. Capital expenditure in China was lower in FY09 following the establishment of the pallet pool in the previous year.

Total pallet capital expenditure for the Group was US$462.1 million, a reduction of US$157.0 million on the prior year. The majority of new pallet capital purchases was for replacement. The total pallet pool was 251 million pallets at the end of the period (inclusive of six million excess pallets held for accelerated scrapping in CHEP USA).

Recall capital expenditure included investment in new information centres in the UK and Thailand as the business invests to improve future efficiencies.

Interest

Net finance costs were US$120.9 million compared to US$149.5 million in FY08. The reduction in net finance costs reflected lower interest rates on variable rate borrowings, the increase in euro denominated debt to fund capital repatriations with the equivalent pay-down of higher cost Australian dollar denominated debt, and the impact of foreign exchange translation due to the stronger US dollar. These benefits were partially offset by higher borrowing margins and fees on debt refinanced during the year.

Tax

Brambles' effective tax rate on Underlying profit for the year was 31.5%, slightly higher than last year's rate of 30.6% due to the effect of higher tax rates in overseas jurisdictions.

The effective tax rate on statutory profit (from continuing operations) for the year was 27.3%, broadly in line with last year's rate of 26.6%, and less than the Australian tax rate of 30% primarily due to the non-tax effect of foreign exchange gains on the repatriation of capital from Europe to Australia.

Cash flow

Table 9
Cash Flow

US$ million	FY09	FY08	Change
Continuing operations			
Underlying profit	900.6	1,071.9	(171.3)
Significant items within ordinary activities	(106.4)	(31.5)	(74.9)
Depreciation & amortisation	418.4	458.6	(40.2)
EBITDA	**1,212.6**	**1,499.0**	**(286.4)**
Capital expenditure	(683.8)	(869.4)	185.6
Proceeds from disposals	104.6	133.8	(29.2)
Working capital movement	25.8	41.4	(15.6)
Irrecoverable pooling equipment provision	97.8	91.2	6.6
Provisions / other	(34.6)	(86.0)	51.4
Cash flow from continuing operations	**722.4**	**810.0**	**(87.6)**
Significant items outside ordinary activities	(49.9)	(27.7)	(22.2)
Cash flow from operations	**672.5**	**782.3**	**(109.8)**
Financing costs and tax	(253.0)	(369.7)	116.7
Free cash flow	**419.5**	**412.6**	**6.9**
Dividends paid	(277.6)	(444.8)	167.2
Free cash flow after dividends	**141.9**	**(32.2)**	**174.1**

Free cash flow of US$419.5 million was strong and sufficient to cover US$277.6 million of dividends paid, resulting in US$141.9 million of free cash flow after dividends.

Brambles continues to generate strong operating cash flows. Cash flow from continuing operations was US$722.4 million, an increase of US$8.1 million in constant currency terms. The US$87.6 million reduction in actual currency terms was primarily due to the translation impact of exchange rate movements (US$95.7 million). Lower Underlying profit was more than offset by significantly lower capital expenditure.

Nearly 70% of cash flow from operations was generated in the second half of the year following significant reductions in capital expenditure and working capital. Working capital continues to be tightly controlled across the business. Average debtor days improved from 48 to 46 days partially offset by a reduction in creditor days.

Significant items outside ordinary activities related to the restructuring activities during the year and included US$22.2 million of expenditure on the accelerated scrapping of excess pallets in CHEP USA.

Debt

Table 10
Net debt and key ratios

US$ million	FY09	FY08	Change
Current debt	68.0	91.5	23.5
Non-current debt	2,165.5	2,439.5	274.0
Gross debt	**2,233.5**	**2,531.0**	**297.5**
Less cash	(90.1)	(104.8)	(14.7)
Net debt	**2,143.4**	**2,426.2**	**282.8**
EBITDA	1,212.6	1,499.0	(286.4)
Net finance costs	120.9	149.5	28.6
Key ratios			
Net debt to EBITDA	1.8x	1.6x	(0.2)x
EBITDA interest cover	10.0x	10.0x	-

Net debt at 30 June 2009 was US$2,143.4 million, down US$282.8 million from 30 June 2008, with positive cash generation after dividends and favourable foreign exchange translation on non-US dollar denominated debt balances evenly contributing to the reduction.

Brambles made excellent progress during FY09 to refinance committed bank facilities well ahead of the scheduled maturity dates. At June 2008, committed bank facilities totalling US$3.0 billion were due to mature in November 2010 (equivalent to US$2.7 billion at June 2009 foreign exchange rates). During FY09, bank facilities of US$1.9 billion were renewed for terms between 3 and 5 years. US$0.7 billion is due to mature in November 2010.

At 30 June 2009, undrawn committed bank facilities totalled US$1.2 billion. Expected improvements in cash generation, mainly due to a focus on reducing capital expenditure, and these undrawn committed facilities should provide additional scope to reduce future refinancing requirements.

To further improve liquidity, Brambles accessed the US private placement debt market in May 2009 and raised US$110 million for tenors of 5, 7 and 10 years.

The average term to maturity of total credit facilities increased from 2.2 years at June 2008 to 3.3 years at June 2009.

Brambles established a Dividend Reinvestment Plan with the 2009 interim dividend which resulted in a 35% participation and provided US$62 million of additional liquidity.

Key financial ratios continue to reflect the strong balance sheet position and remain well within the financial covenants included in Brambles' major financing agreements, with net debt to EBITDA at 1.8x and EBITDA interest cover at 10.0x.

Brambles Value Added (BVA)

Total BVA for Brambles' continuing operations in 2009 was US$334 million, a decrease of US$198 million on the previous year based on comparable fixed exchange rates. The reduction reflects the impact of the economic downturn, Significant items within ordinary activities and investments for future growth, especially in CHEP Asia-Pacific.

Foreign exchange rates

The principal foreign exchange rates affecting Brambles were:

		US$:A$	US$:€	US$:£
Average	2009	0.7479	1.3822	1.6103
	2008	0.9040	1.4835	2.0111
Year end	30 June 2009	0.8114	1.4106	1.6637
	30 June 2008	0.9629	1.5793	1.9936

Dividend

The Board has declared a final dividend of 12.5 Australian cents per share, franked to 20%. It will be payable on 8 October 2009 based on a record date of 18 September 2009. Including the interim dividend of 17.5 Australian cents per share paid on 9 April 2009, total dividends declared for the 2009 financial year are 30.0 Australian cents per share. The dividend declared in the 2009 financial year reflects the Board's focus on prudent conservation of cash in the current environment.

	Aust cents per share	% Franking	Ex dividend trading date	Record date	Payment date
Interim	17.5	10%	13 March 2009	19 March 2009	9 April 2009
Final	12.5	20%	14 September 2009	18 September 2009	8 October 2009

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

Dividend Reinvestment Plan

The Board has set the price at which shares will be allotted under the Plan for the final dividend as the arithmetic average of the daily volume weighted average sale price of all Brambles shares sold on the Australian Securities Exchange (ASX) in the ordinary course of trading on the ASX during the 10 trading days starting 22 September 2009, less a discount of 2.5%.

-- Ends --

Background information

US$ million Actual fx rates	1H09	2H09	FY09	1H08	2H08	FY08
Sales						
CHEP Americas	792.5	764.4	1,556.9	776.4	804.9	1,581.3
CHEP EMEA	761.0	691.6	1,452.6	790.8	851.3	1,642.1
CHEP Asia-Pacific	166.6	156.8	323.4	185.3	201.6	386.9
Total CHEP	1,720.1	1,612.8	3,332.9	1,752.5	1,857.8	3,610.3
Recall	353.1	332.6	685.7	357.7	390.6	748.3
Total Brambles	2,073.2	1,945.4	4,018.6	2,110.2	2,248.4	4,358.6
Underlying profit						
CHEP Americas	233.3	201.1	434.4	227.7	256.1	483.8
CHEP EMEA	170.9	156.6	327.5	189.8	206.7	396.5
CHEP Asia-Pacific	28.9	32.2	61.1	45.6	50.3	95.9
Total CHEP	433.1	389.9	823.0	463.1	513.1	976.2
Recall	50.5	53.8	104.3	52.2	70.2	122.4
Total Brambles (including HQ)	469.3	431.3	900.6	497.3	574.6	1,071.9
Underlying profit margin						
CHEP Americas	29%	26%	28%	29%	32%	31%
CHEP EMEA	22%	23%	23%	24%	24%	24%
CHEP Asia-Pacific	17%	21%	19%	25%	25%	25%
Total CHEP	25%	24%	25%	26%	28%	27%
Recall	14%	16%	15%	15%	18%	16%
Total Brambles (including HQ)	23%	22%	22%	24%	26%	25%
Average capital invested						
CHEP Americas	1,625.5	1,707.9	1,666.7	1,446.5	1,570.3	1,508.4
CHEP EMEA	1,493.9	1,402.9	1,448.4	1,519.5	1,643.1	1,581.3
CHEP Asia-Pacific	314.6	323.6	319.1	290.3	332.1	311.2
Total CHEP	3,434.0	3,434.4	3,434.2	3,256.3	3,545.5	3,400.9
Recall	925.6	869.0	897.3	952.6	991.0	971.8
Total Brambles (including HQ)	4,293.2	4,244.2	4,268.7	4,112.6	4,449.0	4,280.8
Return on capital invested (annualised) (based on Underlying profit)						
CHEP Americas	29%	24%	26%	31%	33%	32%
CHEP EMEA	23%	22%	23%	25%	25%	25%
CHEP Asia-Pacific	18%	20%	19%	31%	30%	31%
Total CHEP	25%	23%	24%	28%	29%	29%
Recall	11%	12%	12%	11%	14%	13%
Total Brambles (including HQ)	22%	20%	21%	24%	26%	25%

Background information - *continued*

US$ million Actual fx rates	1H09	2H09	FY09	1H08	2H08	FY08
Cash flow from operations						
CHEP Americas	116.9	150.1	267.0	175.2	190.0	365.2
CHEP EMEA	137.1	235.6	372.7	57.4	238.7	296.1
CHEP Asia-Pacific	(22.8)	32.6	9.8	30.2	27.8	58.0
Total CHEP	231.2	418.3	649.5	262.8	456.5	719.3
Recall	22.0	84.9	106.9	37.5	90.2	127.7
Total Brambles (including HQ)	220.8	501.6	722.4	265.7	544.3	810.0
Capital expenditure on property, plant & equipment (accruals basis)						
CHEP Americas	156.7	134.1	290.8	160.1	177.3	337.4
CHEP EMEA	136.0	98.4	234.4	208.1	145.1	353.2
CHEP Asia-Pacific	62.9	29.8	92.7	41.6	62.1	103.7
Total CHEP	355.6	262.3	617.9	409.8	384.5	794.3
Recall	21.1	31.3	52.4	23.3	31.2	54.5
Total Brambles (including HQ)	377.0	295.4	672.4	433.2	416.0	849.2
Depreciation of property, plant & equipment						
CHEP Americas	82.9	79.5	162.4	77.9	82.3	160.2
CHEP EMEA	83.2	78.2	161.4	85.7	91.6	177.3
CHEP Asia-Pacific	17.1	18.1	35.2	20.7	21.7	42.4
Total CHEP	183.2	175.8	359.0	184.3	195.6	379.9
Recall	16.2	16.0	32.2	16.6	17.1	33.7
Total Brambles (including HQ)	199.5	191.8	391.3	201.0	213.0	414.0
Capex/depreciation ratio						
CHEP Americas	1.9x	1.7x	1.8x	2.1x	2.2x	2.1x
CHEP EMEA	1.6x	1.3x	1.5x	2.4x	1.6x	2.0x
CHEP Asia-Pacific	3.7x	1.6x	2.6x	2.0x	2.9x	2.4x
Total CHEP	1.9x	1.5x	1.7x	2.2x	2.0x	2.1x
Recall	1.3x	2.0x	1.6x	1.4x	1.8x	1.6x
Total Brambles (including HQ)	1.9x	1.5x	1.7x	2.2x	2.0x	2.1x
Pallet numbers						
CHEP Americas	104		103	100		101
CHEP EMEA	136		130	133		132
CHEP Asia-Pacific	18		18	16		18
Total CHEP	258		251	249		251
BVA [1]						
CHEP Americas	90	63	153	142	133	275
CHEP EMEA	91	86	177	99	108	207
CHEP Asia-Pacific	15	19	34	31	31	62
Total CHEP	196	168	364	272	272	544
Recall	(7)	2	(5)	(4)	9	5
Total Brambles (including HQ)	177	157	334	255	277	532

[1] At fixed June 2008 exchange rates

Glossary

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

Average Capital Invested
Average Capital Invested or ACI is a 12 month average of Capital Invested.

Capital Invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for accumulated pre-tax Significant items, actuarial gains or losses and net equity adjustments for equity-settled share-based payments.

BVA
Brambles Value Added or BVA represents the value generated over and above the cost of the capital used to generate that value.

It is calculated using fixed June 2008 exchange rates as:
- Underlying profit; plus
- Significant items that are part of the ordinary activities of the business; less
- Average Capital Invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.

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

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

Constant currency
In the commentary, constant currency results are presented by translating both current and comparable period foreign currency results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.

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

Free cash flow
Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

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

Significant items
Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:
- outside the ordinary course of business (eg gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

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