

22 August 2007

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

*Via electronic lodgement*

Dear Sir

**Brambles delivers another year of excellent results in 2007**

In accordance with Listing Rule 4.3A, attached is the preliminary final report for the year ended 30 June 2007 for Brambles Limited.

Yours faithfully  
**Brambles Limited**

**Craig van der Laan de Vries**  
Company Secretary

## Brambles delivers another year of excellent results in 2007

The Chief Executive Officer of Brambles, Mike Ihlein, said: “Brambles delivered another year of excellent results in 2007. At actual exchange rates, our continuing operations generated a 36% increase in profit after tax and a 48% lift in earnings per share, before special items. This performance reflects solid growth in sales, further operational efficiencies and strong cash flow.

“The Board is pleased to announce a 26% increase in the final dividend to 17.0 Australian cents.

“We expect our strong cash generation to continue in 2008 and will seek approval of shareholders at the Annual General Meeting on 16 November 2007 to continue with on-market share buy-backs.

“Looking further ahead, our balance sheet, the talent in our organisation and our global footprint provide excellent foundations to maximise the opportunities we have identified to accelerate growth in CHEP and Recall. We recognise the importance of delivering sustainable double digit revenue growth over the medium to long term.”

Year ended 30 June	2007 US\$m	2006 US\$m	% change (actual fx rates)	% change (constant currency)
<b>Results before special items</b>				
<b>Continuing operations:</b>				
Sales revenue	3,868.8	3,522.1	10	6
Comparable operating profit	932.8	771.3	21	17
Profit after tax	585.7	430.1	36	32
Basic EPS (US cents)	37.8	25.5	48	44
Profit after tax - discontinued operations	27.7	217.0		
Profit for the year	613.4	647.1	(5)	(8)
<b>Statutory results (after special items)</b>				
<b>Continuing operations:</b>				
Sales revenue	3,868.8	3,522.1	10	
Operating profit	796.0	701.1	14	
Profit after tax	433.7	362.6	20	
Profit after tax - discontinued operations	857.6	1,101.8	(22)	
Profit for the year	1,291.3	1,464.4	(12)	
Profit attributable to members of the parent entity	1,291.3	1,463.4	(12)	
Basic EPS (US cents)	83.4	86.7	(4)	
Final dividend* (Australian cents)	17.0	13.5	26	
Free cash flow	490.2	559.7		
Net debt	1,996.9	1,690.1		

\* The 2007 final dividend is 20% franked and its record date is 21 September 2007.

## Preliminary final report for the year ended 30 June 2007

Index	Page
Overview	3
Outlook	6
Other information	7
Results by business segment	8
Operational review	10
<b>Consolidated financial information</b>	
Consolidated income statement	16
Consolidated balance sheet	17
Consolidated statement of recognised income and expense	18
Consolidated cash flow statement	19
Notes to the preliminary final report:	
1 Basis of preparation	20
2 Significant accounting policies	20
3 Business segment analysis	22
4 Profit from ordinary activities - continuing operations	24
5 Special items - continuing operations	25
6 Discontinued operations	26
7 Business combination	29
8 Income tax	31
9 Earnings per share	32
10 Unification reserve	32
11 Dividends	33
12 Issued and quoted securities	34
13 Changes in equity	35
14 Cash flow statement - additional information	36
15 Equity-accounted investments	38
16 Net tangible asset backing	39
17 Contingent liabilities	39
18 Events after balance sheet date	39
<b>Statement of compliance</b>	40
<b>Glossary</b>	41
<b>Background information</b>	42

### Notes:

Throughout pages 3 to 15, all amounts quoted in the text are at actual exchange rates. Unless otherwise stated, all comparative trading measures referred to are in constant currency. The underlying constant currency performance is shown in the table on page 8. Definitions are set out in the glossary on page 41.

The increase in sales and profits at actual exchange rates is greater than when translated at constant currency. The comparative trading measures are in constant currency as the Directors believe constant currency comparisons to be a more useful measure of relative business performance.

## Overview

### Strong profit growth

#### **Brambles' profit growth reflected a strong operational performance by both CHEP and Recall.**

- Sales for continuing operations totalled US\$3.9 billion, an increase of 6%. Sales growth continued in both CHEP (up 5%) and Recall (up 11%).
- Comparable operating profit for continuing operations was US\$932.8 million, an increase of 17%. The major driver of this increase was the strong lift in CHEP's earnings.
- Earnings before interest, tax, amortisation and depreciation for continuing operations were up 11% at US\$1,331.1 million, which underpinned the strong cash generation.
- Profit before tax and special items for continuing operations was US\$872.9 million, an increase of 28%.
- Special items of US\$677.9 million after tax included net profits of US\$832.9 million from the sale of divested businesses and US\$146.7 million of restructuring and Unification costs in the continuing operations.
- Overall, CHEP performed strongly with sales and profit growth in all regions. Comparable operating profit was US\$845.2 million, an increase of 17%.
- CHEP Americas had an excellent year with very strong profit growth of 28% driven by sales growth and further operational efficiencies.
- CHEP Europe saw the resumption of growth in pallet volumes towards the end of the financial year, offset by some weakness in the RPC business. Overall, CHEP Europe's operating profit grew by 6%.
- CHEP Rest of World delivered another good result with an underlying profit improvement of 16% excluding the impact of start-up costs in China.
- Recall's sales growth was 11%. Comparable operating profit, including the contribution from AUSDOC, was US\$118.5 million, an increase of 16%.
- Recall's recent customer wins in North America will lead to improved revenue and profitability over the next few years.
- Cash flow from continuing operations was strong at US\$838.3 million (FY06: US\$762.6 million) with higher profits exceeding the increase in capital expenditure to support growth. The increase of US\$75.7 million builds on several years of continuous improvement.
- Brambles Value Added (BVA) for continuing operations grew by US\$121 million to US\$471 million, with all regions of CHEP contributing strongly, reflecting the continued focus on creating value for shareholders.
- Since the announcement of Unification and the divestment program in November 2005, Brambles has undertaken US\$3.4 billion of capital management initiatives.

## Opportunities to accelerate profitable growth

**CHEP plans to increase market penetration in existing customer segments, expand into adjacent segments and extend its geographic footprint. Recall will continue to focus on increasing density within existing markets and delivering enhanced operational efficiencies.**

Over the past year, one of CHEP USA's initiatives has been to modify its service offering by basing equipment and employees at selected manufacturers' sites to enhance customer service and optimise the efficient use of pallets and containers. The initial response has been most encouraging. On-site pallet and container management results in a deeper relationship with these customers and lowers supply chain costs. Not only is there a significant opportunity to expand this service offering in the USA, but it is also being extended to a number of larger customers in Europe. Innovation and a focus on customer service should enable the delivery of superior growth.

In many existing markets there is considerable opportunity to increase penetration. For example, in the USA, CHEP's penetration in the Fast Moving Consumer Goods segment is estimated at around 40% and there are also significant opportunities in other market segments, such as beverages, home improvement, food service and office supplies. The strategy will be to grow the existing business as well as to accelerate growth in these other addressable segments.

In Europe, CHEP's penetration in the grocery segment for 1208 and 1210 pallets alone is estimated at around 30%. Significant opportunities exist for CHEP to increase this penetration across Europe, especially in Germany and Central and Eastern Europe. Display pallets and other pallet sizes and segments all provide further potential growth opportunities.

Geographic expansion will continue to be an important platform for CHEP's growth. During 2007, CHEP began operations in China and Saudi Arabia. The long term opportunities in China look particularly exciting, and we have already secured contracts with five significant customers.

There remain significant growth opportunities for Recall as an estimated two thirds of document management are not currently outsourced to providers like Recall. Many small-to-medium sized companies in most of the countries in which Recall operates could benefit from outsourcing their document management requirements, and there remain large unvented opportunities. For example, in North America in 2007, Chevron outsourced its USA document management services business to Recall. Recall's strategy is to leverage off its existing geographic footprint, increase customer density and deliver operational efficiencies. Enhanced sales force efficiency is translating into improved organic sales growth.

The sharing of best practice across CHEP and Recall, together with the new organisational structure announced on 2 August 2007, will deliver synergies, further operational efficiencies and provide a springboard for future growth.

## Strong cash flow and a higher dividend in 2007 – capital management focus to continue

**Cash flow from operations continued to improve and we have increased the final dividend by 26% to 17.0 Australian cents, equivalent to a 30% increase in US dollar terms.**

During the 2007 financial year, Brambles completed the on-market share buy-back at a cost of US\$1.5 billion. The share buy-back increased the leverage of the balance sheet and at 30 June 2007 the Group's net debt stood at US\$1,996.9 million, up from US\$927.4 million at 31 December 2006.

After payment of the increased dividend announced today, Brambles is again expected to generate solid free cash flow in 2008. Generating free cash flow while growing our business and paying higher dividends is a great outcome for shareholders, and Brambles is committed to delivering the appropriate balance of investment for growth and capital management initiatives.

Brambles remains focused on further capital management initiatives and, consistent with previous guidance, will ask shareholders at its Annual General Meeting on 16 November 2007 to approve the additional buy-back of up to 10% of shares outstanding should appropriate opportunities arise.

In 2007, EPS growth (before special items) for continuing businesses showed a 44% increase over the previous corresponding period.

The progressive dividend policy is to maintain or grow dividends per share, subject to the financial performance of the Group and the cash requirements of delivering future growth. The final dividend of 17.0 Australian cents represents an increase of 26% over the previous year. Taking into account the special dividend of 13.5 Australian cents in lieu of the 2007 interim dividend, which was paid in October 2006, the effective 2007 dividend payments of 30.5 Australian cents per share represent an increase of 22% over 2006. The strong lift in the dividend is a reflection of the Board's continued confidence in the quality and profitable growth prospects of our businesses.

As previously advised, the franking capacity for dividends to Australian shareholders has reduced following Unification and the divestments. The 2007 final dividend will be franked to 20%.

### **Post tax earnings generated in US dollars approximately 30% of total**

As at 30 June 2007, 80% of Brambles' net debt was held in US dollars, and the associated financing costs provide a partial natural hedge against operating profit generated in US dollars. After taking into account interest and tax, Brambles' post tax earnings generated in US dollars are approximately 30%.

In the 2008 financial year, this percentage is not expected to change materially from that in 2007.

## Outlook

**Brambles is again expected to show strong profit growth in 2008. All regions in CHEP and Recall are expected to deliver another year of higher sales and strong profit growth. We are in an excellent position to accelerate profitable growth in the medium to long term.**

CHEP Americas is expected to continue the trend in recent years of strong profit growth and solid improvement in sales. Winning new customers in the Fast Moving Consumer Goods segment, as well as growth with existing customers, will drive sales growth in 2008. There will be a focus on ongoing operational efficiencies in transportation and plant costs coupled with increased capital efficiency.

CHEP Europe is expected to finish 2008 with stronger sales and to deliver profitability improvements as further transportation and plant cost savings are realised. Additional resources will be put in place to enhance our asset control and further improve capital efficiency.

CHEP Rest of World is expected to achieve another year of good sales and profit growth, after excluding the start up costs in China. Capital expenditure in China is expected to remain modest in 2008 and will be closely linked to new business.

Recent customer wins are expected to underpin a strong performance in 2008 by Recall in both sales and profit growth. The momentum in customer acquisitions is expected to continue and the application of a strong metric driven culture within Recall will deliver operational efficiencies.

The outlook for Brambles is very positive and 2008 should be another year of strong cash generation and profit performance.

The Board is confident of the positive outlook for our business notwithstanding recent events in global capital markets, particularly given the strength of CHEP's business model and the breadth and quality of our customer base.

Looking further ahead, our balance sheet, the talent in our organisation and our global footprint provide excellent foundations for Brambles to maximise the opportunities we have identified to accelerate growth in CHEP and Recall.

The sharing of best practice across CHEP and Recall, together with the new organisational structure announced on 2 August 2007, will deliver synergies, further operational efficiencies and provide a springboard for future growth.

We recognise the importance of delivering sustainable, double digit revenue growth over the medium to long term. This will ensure we deliver excellent returns for our shareholders.

## Key dates - 2007 Final Dividend

Event	Date
Shares trade ex-dividend on Australian Securities Exchange	17 September 2007
Record date	21 September 2007
Payment date	11 October 2007

## Shareholder Meeting

The Annual General Meeting for Brambles will be held on 16 November 2007 in Brisbane. The Notice of Meeting will be sent to shareholders around 28 September 2007. Shareholders who will not be able to attend in person are invited to forward any questions they have to Brambles (see contacts below) by 9 November 2007.

## Further information

*The full-year financial report along with webcast and supporting slides are available on the Brambles website at [www.brambles.com](http://www.brambles.com)*

*An analysts' briefing will be held in Sydney at 10.00am on 22 August 2007.*

*Copies of the 2007 final results have 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](http://www.fsa.gov.uk).*

## Contacts

<i>Investors</i>	<i>John Hobson</i>	<i>+61 2 9256 5216</i>
	<i>Head of Investor Relations</i>	<i>+61 407 436 711 (mobile)</i>
<i>Media</i>	<i>Michael Sharp</i>	<i>+61 2 9256 5255</i>
	<i>Vice President Corporate Affairs</i>	<i>+61 439 470 145 (mobile)</i>

**Brambles is globally headquartered in Australia**



## Results by business segment at actual and constant currency exchange rates

	2007 actual US\$m	2007 at prior year fx rates US\$m	2006 actual US\$m	% change at constant currency
<b>Sales</b>				
CHEP	3,218.4	3,106.8	2,956.4	5%
Recall	650.4	626.0	565.7	11%
Continuing operations	3,868.8	3,732.8	3,522.1	6%
Cleanaway	252.1	238.5	1,771.9	
Brambles Industrial Services	-	-	441.5	
Regional Businesses	-	-	160.8	
Other	-	-	19.4	
Discontinued operations	252.1	238.5	2,393.6	
Total	4,120.9	3,971.3	5,915.7	
<b>Comparable operating profit</b>				
CHEP	845.2	821.5	703.8	17%
Recall	118.5	113.3	97.5	16%
Brambles HQ	(30.9)	(29.0)	(30.0)	3%
Continuing operations	932.8	905.8	771.3	17%
Cleanaway	40.6	38.3	241.5	
Brambles Industrial Services	-	-	62.8	
Regional Businesses	-	-	5.2	
Other	-	-	1.0	
Discontinued operations	40.6	38.3	310.5	
Total	973.4	944.1	1,081.8	
<b>Reconciliation to statutory profit after tax</b>				
Comparable operating profit from continuing operations	932.8	905.8	771.3	17%
Net finance costs	(59.9)	(59.8)	(111.8)	47%
Profit before tax and special items from continuing operations (PBTA)	872.9	846.0	659.5	28%
Tax expense on PBTA	(287.2)	(278.3)	(229.4)	(21%)
Profit after tax, before special items (PATA), from continuing operations	585.7	567.7	430.1	32%
Special items from continuing operations, after tax	(152.0)		(67.5)	
Profit from continuing operations, after tax	433.7		362.6	
Profit from discontinued operations, after tax	857.6		1,101.8	
Profit for the year	1,291.3		1,464.4	
<b>Earnings per share (US cents)</b>				
Basic EPS	83.4		86.7	
Basic EPS - continuing operations	28.0		21.5	
EPS on PATA	39.6		38.3	
BVA (Brambles Value Added) from continuing operations		471	350	

## Results by business segment at actual and constant currency exchange rates - *continued*

	<b>2007 actual US\$m</b>	2006 actual US\$m	% change at actual currency
<b>Operating profit</b> <sup>1</sup>			
CHEP	<b>845.2</b>	703.8	20%
Recall	<b>86.5</b>	72.8	19%
Brambles HQ	<b>(135.7)</b>	(75.5)	
Continuing operations	<b>796.0</b>	701.1	14%
Cleanaway	<b>858.3</b>	1,235.9	
Brambles Industrial Services	-	51.0	
Regional Businesses	-	66.2	
Other	-	(25.5)	
Discontinued operations	<b>858.3</b>	1,327.6	
Total	<b>1,654.3</b>	2,028.7	

<sup>1</sup> Operating profit is on a statutory basis and includes special items. Operating profit on a constant currency basis is not presented as the translation of such special items, including the results of business divestments, at the exchange rates applicable in the comparable period would be misleading.

	<b>2007 US\$m</b>	2006 US\$m
<b>Free cash flow</b>		
Free cash flow reconciles to statutory cash flow as follows:		
Net cash inflow from operating activities	<b>1,044.0</b>	1,189.1
Net cash inflow from investing activities	<b>1,701.2</b>	255.1
Less net cash inflow from disposals and acquisitions	<b>(2,255.0)</b>	(884.5)
Free cash flow	<b>490.2</b>	559.7

## Operational Review

Throughout this section, all amounts quoted in the text are at actual exchange rates. Unless otherwise stated, all comparative trading measures referred to are in constant currency. The underlying constant currency performance is shown in the table on page 8. Definitions are set out in the glossary on page 41.

### CHEP

**CHEP delivered its fourth consecutive year of solid profit growth led by a strong performance from the Americas.**

	2007 US\$m	2006 US\$m	% change	
			actual	constant currency
Sales revenue	3,218.4	2,956.4	9	5
Comparable operating profit <sup>1</sup>	845.2	703.8	20	17
Profit margin	26%	24%		
Cash flow from operations	780.4	672.2		

<sup>1</sup> A reconciliation to statutory operating profit of US\$845.2 million (2006: US\$703.8 million) is shown on page 22.

Supported by another year of strong profit growth, CHEP's cash flow from operations once again improved significantly to US\$780.4 million, an increase of US\$108.2 million. CHEP Europe was the largest contributor to the improved cash flow, accounting for US\$59.0 million of the increase.

CHEP's cash profile provides strong support for capturing future growth opportunities.

Best practice continues to be shared across the entire CHEP network. This is highlighted by the Perfect Plant initiatives that have drawn upon our operational expertise across the business. A total of 16 new Perfect Plants opened in the twelve months to 30 June 2007, and new equipment has been installed at 9 customer sites. A total of 27 Perfect Plants have been commissioned in the last two years.

Total Pallet Management (TPM), which involves CHEP managing pallet flows at customer sites, continues to drive both cost savings and customer satisfaction. TPM was initially piloted in the USA and has been adapted to suit the business conditions in Canada, Mexico, South Africa, and Europe.

As we work more closely with our customers and install our equipment on their sites we find more opportunities to reconfigure our entire network and lower total supply chain costs.

Our Innovation Centre in Orlando is a centre of excellence, providing design and consulting services for CHEP globally. This knowledge base has enabled CHEP China to design and develop the new P1210C plastic pallet for its customer base.

We are confident that CHEP's operational expertise, innovation and customer focus provide the foundations for continued profitable geographic expansion and increased market penetration.

## CHEP Americas

**CHEP Americas delivered another excellent result reflecting higher volumes and lower plant costs. Comparable operating profit has grown at a compound annual growth rate of 48% in the three years since 2004.**

	2007 US\$m	2006 US\$m	% change	
			actual	constant currency
Sales revenue	1,429.7	1,326.2	8	7
Comparable operating profit	416.9	324.9	28	28
Profit margin	29%	24%		
Cash flow from operations	322.9	296.9		

Sales in the Americas were US\$1,429.7 million (an increase of 7%) in spite of a subdued retailing environment in the grocery sector in the USA for most of the period. Excluding the USA RPC assets that were sold in 2006, the underlying sales growth was 8%. A significant driver of growth in the USA was the continued success rate in winning new contracts. New customers accounted for approximately 25% of the sales growth in the USA. Both Canada and Latin America performed well with comparable operating profit growing strongly, driven by solid volume gains.

Cash flow from operations was US\$322.9 million, an increase of US\$26.0 million compared with the prior year. Capital expenditure increased by US\$10.8 million to US\$315.1 million in support of continued volume growth and investment in new Perfect Plants.

Since 2004, the profit margin in CHEP Americas has more than doubled, rising from 12% to 29%. A significant proportion of this improvement has been derived from lower transportation and service centre costs. Most of the improvement in transportation costs has been due to improved transport efficiencies including better pallet movement management and increased transport equipment productivity. Transportation costs overall for the year improved by US\$2 million.

A significant enhancement to our service offering in the USA has been the introduction of TPM. In the twelve months to June 2007, the number of TPM arrangements at distributor locations increased by 12 to a total of 125 sites. 40% of all pallet issues are now processed at TPM sites. During the past six months, CHEP extended TPM arrangements to manufacturer customers and equipment has been installed at seven emitter sites. Additional TPM sites will be established in 2008 and these are expected to result in additional cost savings to CHEP and its customers.

Service centre costs were US\$11 million lower than the prior year and included the impact of efficiencies arising from the Perfect Plant implementation.

In 2007, CHEP USA continued to increase its penetration and signed 331 new contracts from new and existing customers. CHEP also has a solid pipeline of potential new customers

The control ratio in CHEP USA (i.e. the number of pallets returned in the year as a percentage of all pallets issued) remains high at 96%.

## CHEP Europe

**CHEP Europe finished the year with modest volume growth in pallet issues as the business continued to put increased emphasis on delivering profitable growth.**

	2007 US\$m	2006 US\$m	% change	
			actual	constant currency
Sales revenue	1,372.8	1,252.7	10	2
Comparable operating profit	300.6	263.6	14	6
Profit margin	22%	21%		
Cash flow from operations	341.9	282.9		

Sales in CHEP Europe were US\$1,372.8 million, 2% higher than the prior year. With the implementation of activity-based pricing completed, the emphasis has been on delivering profitable growth. After three years of flat pallet volumes, pallet issues grew by approximately 3% in 2007. RPC sales, which account for less than 10% of sales, declined following the loss of a major customer in Italy.

Higher lumber prices across Europe remained a feature of the competitive landscape. While adding US\$5 million to repair costs, the increased lumber costs are highlighting for our customers the advantages of CHEP pallet pooling versus new white wood pallets. In 2007, CHEP Europe signed 1,462 new contracts for both new business and expanded business with existing customers. CHEP has been winning new business in all our major European markets. The recent customer wins and new business pipeline will benefit volume growth in 2008.

Cash flow from operations increased by US\$59.0 million to US\$341.9 million driven by increased profitability and working capital improvements.

Comparable operating profit of US\$300.6 million was 6% higher than the prior year. Lower RPC sales together with associated container relocation costs, resulted in a US\$10 million adverse impact on profit. A number of RPC contract wins towards the end of the second half should contribute to an improvement in 2008.

Transportation costs were higher by US\$13 million. The majority of the increase was due to the one-off impact of the closure of the Brentwood service centre in the UK in the first half and the additional transportation costs incurred whilst maintaining customer service levels. The result benefited from a profit on the sale of a property in Madrid of US\$13 million.

In 2007, five new Perfect Plants were commissioned. Thirteen out of 167 service centres are now Perfect Plants, and these plants process approximately 15% of European pallet volumes. A further four plants are expected to be commissioned in 2008. In addition, CHEP will upgrade six plants and install equipment on 10 customer sites progressively throughout the year. Plant costs for the period were US\$5 million lower despite the increase of US\$5 million in the cost of lumber used for pallet repair.

CHEP UK has offered both Exchange and One-way pallet service models to customers for the past decade. In November 2006, CHEP introduced Managed Recovery to enable customers to choose a new service offering in addition to Exchange and One-way offerings. This new product offering provides greater flexibility to our customers as retailers expand the use of factory-gate pricing with their suppliers. The largest nine retailers in the UK have agreed to receive pallet flows under the new arrangements and as at 30 June 2007 over 75 manufacturers had converted to the Managed Recovery offering. This new offering provides flexibility to our customers and improves control over CHEP pallet assets whilst delivering a similar profit margin to CHEP.

The control ratio at 95% represents a substantial improvement from several years ago. Additional resources will continue to be channelled into asset management to ensure the control ratio improves further. In 2007, nearly 300 non-co-operative distributors became part of the CHEP network resulting in lower surcharges to our customers and improved asset control.

## CHEP – Rest of World

**CHEP Rest of World continues to deliver solid sales and profit growth and consistently generates excellent returns on capital invested.**

	2007 US\$m	2006 US\$m	% change	
			actual	constant currency
Sales revenue	415.9	377.5	10	9
Comparable operating profit	127.7	115.3	11	11
Profit margin	31%	31%		
Cash flow from operations	115.6	92.4		

Comparable operating profit was US\$127.7 million, 11% above the prior year. Excluding the impact of start-up costs in China of US\$7.0 million, the underlying improvement in comparable operating profit was 16%.

CHEP's most advanced Perfect Plant using robotics technology for pallet repair commenced operation in Sydney in March 2007, and is now the benchmark for the next generation of service centre implementations. The success of the CHEP Erskine Park facility has enabled us to rationalise the service centre network in New South Wales and close a facility in Western Sydney.

Australia and South Africa are two of our longest established pallet pools, and five Perfect Plants are currently operating in these countries. While there is still more that can be done to enhance these operations, no additional Perfect Plants are planned in the current financial year.

Automotive container volume in Australia has been affected by difficulties confronting the domestic car manufacturers and recent announcements of further closures suggest that this environment will remain challenging. Pallet volumes grew modestly in 2007 and the strength of RPC volumes more than offset the impact of the automotive container business.

South Africa achieved strong growth in pallets, RPCs and automotive container volumes in 2007 resulting in a good improvement in profitability for the year. Pallets account for approximately 75% of revenue following the development of a strong container business over the past several years. Despite sharply higher lumber prices in South Africa, productivity improvements resulted in a slight decline in plant costs.

The expansion into China is progressing well with CHEP China formally signing contracts with five customers as at the end of June 2007. The marketing team continues to explore many other opportunities. As previously announced, the CHEP China pallet business is being established with a plastic pallet.

The automotive container business in China is a potentially attractive market for CHEP given the significant number of new production facilities that will open in China over the next several years. CHEP is undertaking Value Chain Analysis to identify potential cost savings to customers by switching to CHEP's automotive container solution.

In the initial stages, sales and capital expenditure in China are expected to be modest. CHEP China is likely to make a small loss in each of the next few years as the business becomes established.

## RECALL

**Recall's profit grew strongly and the business in North America won several major new customers. A full-year's contribution from the AUSDOC acquisition is another feature of the improved result.**

	2007 US\$m	2006 US\$m	% change	
			actual	constant currency
Sales revenue	650.4	565.7	15	11
Comparable operating profit <sup>1</sup>	118.5	97.5	22	16
Profit margin	18%	17%		
Cash flow from operations	86.4	79.9		

<sup>1</sup> A reconciliation to statutory operating profit of US\$86.5 million (2006: US\$72.8 million) is shown on page 22.

Comparable operating profit was US\$118.5 million, 16% higher than the prior year with the AUSDOC business integrated for the full year delivering good results.

The new Mega-Centre at Greystanes in Sydney is now fully operational and held 2.9 million cartons at 30 June 2007. Following the development of the third stage, this facility will hold 6.5 million cartons at capacity. The construction of the Greystanes facility is resulting in the rationalisation of four existing information centres. In the process of transferring to the new facility, additional rent of US\$3 million was incurred. Following industry consolidation within the Australian document management market, Recall is well placed in terms of cost structure and the security of customer information to continue to deliver strong levels of profitability.

Recall North America invested in sales resources and as a result has started to see a significant increase in new business wins. 2007 was a record year for new business signed as Recall leveraged its operational infrastructure and further penetrated the small to medium enterprise markets. Two significant contracts were also signed during the year. Chevron outsourced its US document management inventory to Recall, which has been implemented fully in the final stages of the year. The most significant win was the DMS contract with Bank of America in the USA which will take approximately two more years to implement fully. A key to Recall North America's success in winning customers has been the development of innovative RFID technology which has resulted in a step change in security and managing customer information. Recall North America had a strong SDS result and this was achieved in a favourable paper price environment where US\$6 million was generated from higher paper prices in the USA.

Recall Europe delivered a modest improvement in profitability in a competitive UK environment and substantially enhanced its French business over the past year. It is well positioned to leverage Recall's proprietary RFID technology and has recently won several new contracts as this service offering is being rolled out to customers starting in the UK.

## Special Items

On 29 November 2005, Brambles announced its intention to dispose of Cleanaway, Brambles Industrial Services and the Regional Businesses. During the twelve months ended 30 June 2007, Brambles completed the asset disposal program and also the Unification of the dual listed companies structure.

Special items in the twelve months were US\$680.9 million before tax, and principally comprised restructuring and Unification costs of US\$102.0 million in the continuing operations, stamp duty on Unification of US\$28.8 million and a profit on sale of Cleanaway UK of US\$788.6 million. Special items after tax were US\$677.9 million.

## Financial Position

Proceeds from business disposals, the Cash Alternative undertaken pursuant to Unification and the share buy-back program had a significant impact on the net debt position during the period. Although net debt at 30 June 2007 stood at US\$1,996.9 million, some US\$307 million higher than 30 June 2006, there was considerable movement throughout the year with net debt at 31 December 2006 standing at \$927.4 million. In the six months to 30 June 2007, the on-market share buy-back program utilised cash of US\$1,369.7 million.

Net finance costs were US\$59.9 million compared with US\$111.8 million for the prior year reflecting lower average debt levels. Net finance costs in the second half of the year were US\$51.8 million reflecting the impact of the Cash Alternative and buy-backs which were strongly weighted towards the second half.

In 2007, cash flow from continuing operations rose once again with a strong increase delivered by CHEP Europe. Both CHEP and Recall delivered improved cash flow from continuing operations which at US\$838.3 million was US\$75.7 million higher than the prior year.

Free cash flow was again strong at US\$490.2 million. However, comparisons with the prior year are distorted by the impact of the restructuring and Unification and change in mix of businesses.

Key financial coverage ratios reflect the strong balance sheet with net debt/EBITDA at 1.5 times (2006: 1.1 times). Gearing levels increased to 58.4% from 36.4% at 30 June 2006 as the share buy-back program increased debt levels and lowered equity with the cancellation of shares.

## Capital Expenditure

Capital expenditure on property, plant and equipment for continuing operations for the year was US\$648.5 million, US\$62.1 million higher than the prior year.

Capital expenditure in CHEP was US\$595.6 million, an increase of US\$46.6 million compared with the prior year. CHEP America's capital expenditure increased US\$10.8 million to US\$315.1 million. CHEP Europe's capital expenditure was US\$216.2 million (2006: US\$180.5 million) reflecting higher lumber costs. CHEP Rest of World's capital expenditure was flat at US\$64.3 million (2006: US\$64.2 million).

Capital expenditure in Recall for the year was US\$52.6 million, an increase of US\$15.6 million compared with the prior year. This increase was due to investments in the new document storage facility at Greystanes in Sydney, and additional racking and shredding equipment to support business growth in North America.

## Taxation

Brambles' effective tax rate on continuing operations was lower at 32.9% of profit before tax and special items compared to the previous year of 34.8%. Reductions in the tax rates in certain overseas jurisdictions, particularly Europe, contributed to the improvement.

A similar tax rate is expected in 2008.



## Consolidated income statement for the year ended 30 June 2007

	Note	2007			2006		
		Before special items	Special items <sup>1</sup>	Result for the year	Before special items	Special items <sup>1</sup>	Result for the year
		US\$ million			US\$ million		
<b>Continuing operations</b>							
Sales revenue	3	3,868.8	-	3,868.8	3,522.1	-	3,522.1
Other income	4	160.9	-	160.9	126.6	-	126.6
Operating expenses	4	(3,101.2)	(136.8)	(3,238.0)	(2,881.0)	(70.2)	(2,951.2)
Share of results of joint ventures and associates	15	4.3	-	4.3	3.6	-	3.6
<b>Operating profit</b>		<b>932.8</b>	<b>(136.8)</b>	<b>796.0</b>	<b>771.3</b>	<b>(70.2)</b>	<b>701.1</b>
Finance revenue		39.4	-	39.4	8.1	-	8.1
Finance costs		(99.3)	-	(99.3)	(119.9)	-	(119.9)
<b>Net finance costs</b>		<b>(59.9)</b>	<b>-</b>	<b>(59.9)</b>	<b>(111.8)</b>	<b>-</b>	<b>(111.8)</b>
<b>Profit before tax</b>		<b>872.9</b>	<b>(136.8)</b>	<b>736.1</b>	<b>659.5</b>	<b>(70.2)</b>	<b>589.3</b>
Tax expense	8	(287.2)	(15.2)	(302.4)	(229.4)	2.7	(226.7)
<b>Profit from continuing operations</b>		<b>585.7</b>	<b>(152.0)</b>	<b>433.7</b>	<b>430.1</b>	<b>(67.5)</b>	<b>362.6</b>
Profit from discontinued operations	6	27.7	829.9	857.6	217.0	884.8	1,101.8
<b>Profit for the year</b>		<b>613.4</b>	<b>677.9</b>	<b>1,291.3</b>	<b>647.1</b>	<b>817.3</b>	<b>1,464.4</b>
Profit attributable to:							
- Minority interest		-	-	-	1.0	-	1.0
- Members of the parent entity		613.4	677.9	1,291.3	646.1	817.3	1,463.4
<b>Earnings per share (cents)</b>							
Total	9						
- Basic				83.4			86.7
- Diluted				82.3			85.2
Continuing operations							
- Basic				28.0			21.5
- Diluted				27.7			21.1

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

<sup>1</sup> Special items comprise impairments, exceptional items, fair value adjustments and amortisation of acquired non-goodwill intangible assets (other than software). Exceptional items are items of income or expense which are considered to be outside the ordinary course of business and are, either individually or in aggregate, material to Brambles or to the relevant business segment. Refer to Notes 5 and 6.

## Consolidated balance sheet as at 30 June 2007

	Note	2007 US\$m	2006 US\$m
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		130.4	129.4
Trade and other receivables		791.6	2,056.6
Inventories		33.5	26.3
Derivative financial instruments		6.7	7.1
Other assets		41.1	41.5
		<b>1,003.3</b>	<b>2,260.9</b>
Assets classified as held for sale		-	648.8
<b>Total current assets</b>		<b>1,003.3</b>	<b>2,909.7</b>
<b>Non-current assets</b>			
Other receivables		9.0	8.8
Investments		23.5	23.1
Property, plant and equipment		3,219.9	2,916.7
Goodwill		606.1	562.1
Intangible assets		150.3	155.1
Deferred tax assets		3.1	17.6
Derivative financial instruments		1.9	4.1
Other assets		0.3	0.6
<b>Total non-current assets</b>		<b>4,014.1</b>	<b>3,688.1</b>
<b>Total assets</b>		<b>5,017.4</b>	<b>6,597.8</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		806.0	757.8
Borrowings		64.3	59.4
Derivative financial instruments		0.5	0.3
Tax payable		74.7	235.5
Provisions		111.9	126.0
		<b>1,057.4</b>	<b>1,179.0</b>
Liabilities directly associated with assets classified as held for sale		-	331.5
<b>Total current liabilities</b>		<b>1,057.4</b>	<b>1,510.5</b>
<b>Non-current liabilities</b>			
Borrowings		2,063.0	1,760.1
Provisions		45.7	37.8
Retirement benefit obligations		29.6	64.0
Deferred tax liabilities		389.8	265.9
Other liabilities		9.2	6.5
<b>Total non-current liabilities</b>		<b>2,537.3</b>	<b>2,134.3</b>
<b>Total liabilities</b>		<b>3,594.7</b>	<b>3,644.8</b>
<b>Net assets</b>		<b>1,422.7</b>	<b>2,953.0</b>
<b>EQUITY</b>			
Contributed equity - Brambles Limited	12	14,062.8	-
Contributed equity - BIL and BIP		-	957.2
Unification reserve	10	(15,385.8)	-
Other reserves		504.3	457.5
Retained earnings		2,241.1	1,534.4
<b>Parent entity interest</b>		<b>1,422.4</b>	<b>2,949.1</b>
<b>Minority interest</b>		<b>0.3</b>	<b>3.9</b>
<b>Total equity</b>		<b>1,422.7</b>	<b>2,953.0</b>

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

## Consolidated statement of recognised income and expense for the year ended 30 June 2007

	2007 US\$m	2006 US\$m
Actuarial gains/(losses) on defined benefit pension plans:		
- Continuing	33.3	2.3
- Discontinued	(33.4)	31.8
Exchange differences on translation of:		
- Foreign operations	131.7	69.4
- Entities disposed taken to profit	8.4	(135.2)
Cash flow hedges:		
- Gains taken to equity	(0.2)	7.8
- Transferred to profit or loss	(5.0)	(3.2)
Income tax:		
- On items taken directly to or transferred directly from equity	4.0	(8.6)
- On items transferred to profit or loss	1.9	(1.5)
Net income/(expense) recognised directly in equity	<u>140.7</u>	<u>(37.2)</u>
Profit for the year	1,291.3	1,464.4
Total recognised income and expense for the year	<u>1,432.0</u>	<u>1,427.2</u>
Attributable to:		
Minority interest	-	1.0
Members of the parent entity	<u>1,432.0</u>	<u>1,426.2</u>
	<u>1,432.0</u>	<u>1,427.2</u>
Adjustment on initial adoption of AASB 132 and AASB 139:		
- Taken to retained earnings	-	(2.2)
- Taken to reserves	-	2.0
	-	<u>(0.2)</u>

The consolidated statement of recognised income and expense should be read in conjunction with the accompanying notes.

## Consolidated cash flow statement for the year ended 30 June 2007

	2007 US\$m	2006 US\$m
<b>Cash flows from operating activities</b>		
Receipts from customers	4,653.3	6,785.9
Payments to suppliers and employees	(3,380.0)	(5,271.9)
Cash generated from operations	1,273.3	1,514.0
Dividends received from joint ventures and associates	7.0	16.1
Interest received	39.5	8.4
Interest paid	(93.3)	(127.9)
Income taxes paid on operating activities	(182.5)	(221.5)
<b>Net cash inflow from operating activities</b>	<b>1,044.0</b>	<b>1,189.1</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of businesses	2,427.6	1,084.3
Income tax paid on disposal of businesses	(152.7)	-
Acquisition of subsidiaries, net of cash acquired	(19.9)	(199.8)
Increase in other investments	-	(2.9)
Disposals of other investments	-	2.2
Purchases of property, plant and equipment	(670.2)	(784.6)
Proceeds from sale of property, plant and equipment	131.1	176.3
Purchases of intangible assets	(16.1)	(24.2)
Loan outflows with subsidiaries and associates	(0.4)	(2.0)
Loan inflows with subsidiaries and associates	1.8	5.8
<b>Net cash inflow from investing activities</b>	<b>1,701.2</b>	<b>255.1</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	5,377.0	3,330.2
Repayments of borrowings	(5,146.1)	(3,940.2)
Net outflow from option costs and hedge borrowings	(21.3)	(5.3)
Proceeds from issue of ordinary shares	75.6	64.0
Buy-back of ordinary shares	(1,527.5)	(645.2)
Cash Alternative at Unification	(950.3)	-
Dividends paid to Brambles' shareholders	(604.0)	(296.7)
Dividends paid to minority interests	-	(0.6)
<b>Net cash used in financing activities</b>	<b>(2,796.6)</b>	<b>(1,493.8)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(51.4)</b>	<b>(49.6)</b>
Cash and deposits, net of overdrafts, at beginning of year	129.4	188.0
Effect of exchange rate changes	48.9	(9.0)
Cash and deposits, net of overdrafts, at end of year	14	129.4

The consolidated cash flow statement 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 2007

### **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 2007.

#### **Unification of the DLC structure**

Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) became parties to a dual-listed companies structure (DLC Structure) on 7 August 2001. A DLC structure is a contractual arrangement between two listed companies under which they operate as if they were a single economic enterprise (with a common Board and executive management team) while retaining their separate legal identities, tax residencies and stock exchange listings. The result is that the shareholders of each company effectively have the same status in terms of votes, dividends and capital returns as if they held shares in a single economic enterprise controlling the assets of both companies.

On 29 November 2005, the Brambles Board announced its intention to unify the DLC Structure under a single Australian holding company with a primary listing on the ASX and a secondary listing on the LSE. Brambles also announced that it intended to undertake on-market buy-backs prior to the Unification and to make a cash alternative available to those shareholders who did not wish to receive shares in the new Australian holding company on Unification (Cash Alternative).

On 4 December 2006 Brambles Limited, which was incorporated on 21 March 2006, became the new holding company by way of schemes of arrangement between BIL and its shareholders under Australian law and between BIP and its shareholders under English law (Unification).

Following approval of the Schemes and satisfaction of all conditions precedent:

- BIL Shareholders had their shares in BIL transferred to Brambles Limited in return for the issue by Brambles Limited of new Brambles Limited shares (on a one-for-one basis) or payment of cash by Brambles Limited under the Cash Alternative;
- BIP Shareholders had their shares in BIP transferred to Brambles Limited in return for the issue by Brambles Limited of new Brambles Limited shares (on a one-for-one basis) or cancelled in return for the payment of cash by Brambles Limited under the Cash Alternative; and
- BIL and BIP then became wholly owned subsidiaries of Brambles Limited.

### **Note 2. Significant accounting policies**

#### **a) Basis of accounting**

The consolidated financial statements on which this preliminary final report is based have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS) and in accordance with the requirements of the Corporations Act 2001. They comply with applicable accounting standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Urgent Issues Group (UIG).

#### **b) Basis of consolidation**

Brambles Limited was incorporated on 21 March 2006.

For the purpose of preparing the Brambles Limited consolidated financial statements, Unification has been accounted for as a reverse acquisition, with BIL and BIP jointly identified as the acquirer in accordance with AASB 3: Business Combinations. Whilst Brambles Limited reflects its investment in BIL and BIP at fair value at the date of acquisition in its parent entity accounts, the Brambles Limited consolidated financial statements are presented as a continuation of the BIL and BIP consolidated group. Therefore, Brambles Limited's assets, liabilities and contingent liabilities were fair valued and then consolidated together with BIL and BIP and their subsidiaries.

Notes to and forming part of the preliminary final report  
for the year ended 30 June 2007 - *continued*

**c) Significant accounting policies**

The consolidated financial statements and all comparatives have been prepared using consistent accounting policies, as set out in the Brambles Annual Report for the year ended 30 June 2006.

**d) Foreign currency**

The principal exchange rates affecting Brambles were:

		US\$:A\$	US\$:euro	US\$:£
Average	2007	0.7901	1.3187	1.9520
	2006	0.7474	1.2256	1.7889
Year end	30 June 2007	0.8519	1.3580	2.0116
	30 June 2006	0.7425	1.2813	1.8525

**e) 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 2007 and 2006 are to the financial years ending on 30 June 2007 and 30 June 2006 respectively.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 3. Business segment analysis

Brambles' continuing business segments are CHEP (pallet and container pooling) and Recall (information management).

Discontinued operations comprise Cleanaway (waste management), Brambles Industrial Services, Regional Businesses and Recall's Italian operations, which were divested in 2006 or 2007.

Intersegment revenue during the period was immaterial.

	<b>Total revenue</b>		<b>Sales revenue</b>			
	<b>2007</b>	2006	<b>2007</b>	2006		
	<b>US\$m</b>	US\$m	<b>US\$m</b>	US\$m		
<b>By business segment</b>						
CHEP	<b>3,374.5</b>	3,078.8	<b>3,218.4</b>	2,956.4		
Recall	<b>655.2</b>	569.9	<b>650.4</b>	565.7		
Continuing operations	<b>4,029.7</b>	3,648.7	<b>3,868.8</b>	3,522.1		
Cleanaway	<b>252.1</b>	1,796.2	<b>252.1</b>	1,771.9		
Brambles Industrial Services	-	444.7	-	441.5		
Regional Businesses	-	161.2	-	160.8		
Other	-	19.4	-	19.4		
Discontinued operations	<b>252.1</b>	2,421.5	<b>252.1</b>	2,393.6		
Total	<b>4,281.8</b>	6,070.2	<b>4,120.9</b>	5,915.7		
<b>By geographic origin</b>						
Europe	<b>1,816.7</b>	2,998.9	<b>1,779.8</b>	2,961.1		
Americas	<b>1,843.2</b>	1,867.3	<b>1,737.4</b>	1,771.0		
Australia/New Zealand	<b>487.6</b>	1,044.9	<b>473.9</b>	1,029.1		
Rest of World	<b>134.3</b>	159.1	<b>129.8</b>	154.5		
Total	<b>4,281.8</b>	6,070.2	<b>4,120.9</b>	5,915.7		
	<b>Operating profit <sup>1</sup></b>		<b>Comparable operating profit <sup>2</sup></b>		<b>Special items, before tax</b>	
	<b>2007</b>	2006	<b>2007</b>	2006	<b>2007</b>	2006
	<b>US\$m</b>	US\$m	<b>US\$m</b>	US\$m	<b>US\$m</b>	US\$m
<b>By business segment</b>						
CHEP	<b>845.2</b>	703.8	<b>845.2</b>	703.8	-	-
Recall	<b>86.5</b>	72.8	<b>118.5</b>	97.5	<b>(32.0)</b>	(24.7)
Brambles HQ	<b>(135.7)</b>	(75.5)	<b>(30.9)</b>	(30.0)	<b>(104.8)</b>	(45.5)
Continuing operations	<b>796.0</b>	701.1	<b>932.8</b>	771.3	<b>(136.8)</b>	(70.2)
Cleanaway <sup>3</sup>	<b>858.3</b>	1,235.9	<b>40.6</b>	241.5	<b>817.7</b>	994.4
Brambles Industrial Services	-	51.0	-	62.8	-	(11.8)
Regional Businesses	-	66.2	-	5.2	-	61.0
Other	-	(25.5)	-	1.0	-	(26.5)
Discontinued operations	<b>858.3</b>	1,327.6	<b>40.6</b>	310.5	<b>817.7</b>	1,017.1
Total	<b>1,654.3</b>	2,028.7	<b>973.4</b>	1,081.8	<b>680.9</b>	946.9

<sup>1</sup> Operating profit is segment revenue less segment expense and excludes net finance costs.

<sup>2</sup> Comparable operating profit is profit before special items, finance costs and tax which the Directors consider to be a useful measure of underlying business performance. The difference between comparable operating profit and operating profit in the segment report is due to special items.

<sup>3</sup> In 2007 and 2006, operating profit for the Cleanaway segment included the gain on disposal of both Cleanaway Australia and Industrial Services Australia as they were divested as one transaction.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 3. Business segment analysis - *continued*

	<b>Capital expenditure (including acquisitions)</b>		<b>Depreciation and amortisation</b>	
	<b>2007 US\$m</b>	<b>2006 US\$m</b>	<b>2007 US\$m</b>	<b>2006 US\$m</b>
<b>By business segment</b>				
CHEP	652.7	555.3	362.1	360.7
Recall	66.5	144.7	41.6	50.2
Brambles HQ	0.8	1.3	0.6	1.1
Continuing operations	<b>720.0</b>	<b>701.3</b>	<b>404.3</b>	<b>412.0</b>
Cleanaway	24.7	106.6	-	54.7
Brambles Industrial Services	-	71.6	-	21.1
Regional Businesses	-	8.7	-	4.4
Other	-	0.6	-	0.5
Discontinued operations	<b>24.7</b>	<b>187.5</b>	<b>-</b>	<b>80.7</b>
Total	<b>744.7</b>	<b>888.8</b>	<b>404.3</b>	<b>492.7</b>
<b>By geographic origin</b>				
Europe	283.6	291.3		
Americas	367.2	335.0		
Australia/New Zealand	63.0	234.1		
Rest of World	30.9	28.4		
Total	<b>744.7</b>	<b>888.8</b>		
	<b>Segment assets</b>		<b>Segment liabilities</b>	
	<b>2007 US\$m</b>	<b>2006 US\$m</b>	<b>2007 US\$m</b>	<b>2006 US\$m</b>
<b>By business segment</b>				
CHEP	3,810.0	3,445.8	715.8	588.4
Recall	1,022.8	941.4	151.4	131.9
Brambles HQ	20.2	1,382.3	135.7	272.1
Continuing operations	<b>4,853.0</b>	<b>5,769.5</b>	<b>1,002.9</b>	<b>992.4</b>
Cleanaway	-	610.2	-	321.9
Discontinued operations	-	610.2	-	321.9
Segment assets and liabilities	<b>4,853.0</b>	<b>6,379.7</b>	<b>1,002.9</b>	<b>1,314.3</b>
Cash and borrowings	130.4	129.4	2,127.3	1,819.5
Current tax balances	7.4	9.6	74.7	244.6
Deferred tax balances	3.1	41.6	389.8	266.4
Equity-accounted investments	23.5	37.5	-	-
Total assets and liabilities	<b>5,017.4</b>	<b>6,597.8</b>	<b>3,594.7</b>	<b>3,644.8</b>
<b>Segment assets by geographic origin</b>				
Europe	1,974.3	2,407.8		
Americas	2,128.5	1,907.5		
Australia/New Zealand	622.8	1,913.3		
Rest of World	127.4	151.1		
Total	<b>4,853.0</b>	<b>6,379.7</b>		



Notes to and forming part of the preliminary final report  
for the year ended 30 June 2007 - *continued*

**Note 4. Profit from ordinary activities - continuing operations**

	<b>2007</b>	2006
	<b>US\$m</b>	US\$m
<b>a) Revenue and other income - continuing operations</b>		
Sales revenue	<b>3,868.8</b>	3,522.1
Net gains on disposals of property plant and equipment	<b>42.7</b>	29.1
Other operating income	<b>118.2</b>	97.5
Other income	<b>160.9</b>	126.6
Total revenue	<b>4,029.7</b>	3,648.7
<b>b) Operating expenses - continuing operations</b>		
Employment costs	<b>739.4</b>	697.1
Service suppliers:		
- Transport	<b>722.0</b>	636.3
- Repairs and maintenance	<b>239.7</b>	231.2
- Subcontractors and other service suppliers	<b>497.5</b>	436.8
Raw materials and consumables	<b>182.7</b>	176.1
Occupancy	<b>184.0</b>	147.4
Depreciation of property, plant and equipment	<b>362.2</b>	364.1
Irrecoverable pooling equipment provision expense	<b>90.2</b>	93.7
Amortisation:		
- Software	<b>33.5</b>	30.6
- Acquired intangible assets (other than software)	<b>6.0</b>	14.6
- Deferred expenditure	<b>2.6</b>	2.7
Other	<b>178.2</b>	120.6
	<b>3,238.0</b>	2,951.2
<b>c) Net foreign exchange gains and losses - continuing operations</b>		
Net losses included in operating profit	<b>(4.0)</b>	(0.5)
Net (losses)/gains included in net finance costs	<b>(6.7)</b>	0.1
	<b>(10.7)</b>	(0.4)

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 5. Special items - continuing operations

Special items comprise impairments, exceptional items, fair value adjustments and amortisation of acquired non-goodwill intangible assets (other than software). Exceptional items are items of income or expense which are considered to be outside the ordinary course of business and are, either individually or in aggregate, material to Brambles or to the relevant business segment. Such items are likely to include, but are not restricted to, gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring, and impairment charges on tangible or intangible assets. The Directors consider that this presentation best assists the users of Brambles' financial statements in their understanding of the underlying business results.

	2007 US\$m		
	Before tax	Tax	After tax
Amortisation of acquired intangible assets (other than software)	(6.0)	0.7	(5.3)
Exceptional items:			
- Stamp duty on Unification <sup>1</sup>	(28.8)	-	(28.8)
- Restructuring and Unification costs <sup>1</sup>	(76.0)	(23.4)	(99.4)
- Recall restructuring costs <sup>2</sup>	(26.0)	7.5	(18.5)
Special items from continuing operations	<b>(136.8)</b>	<b>(15.2)</b>	<b>(152.0)</b>
		2006 US\$m	
	Before tax	Tax	After tax
Amortisation of acquired intangible assets (other than software)	(3.4)	1.0	(2.4)
Exceptional items:			
- Restructuring and Unification costs <sup>1</sup>	(45.5)	0.5	(45.0)
- AUSDOC integration costs <sup>3</sup>	(21.3)	1.2	(20.1)
Special items from continuing operations	<b>(70.2)</b>	<b>2.7</b>	<b>(67.5)</b>

<sup>1</sup> Brambles incurred UK stamp duty of US\$28.8 million on Unification. Brambles also incurred advisers' fees (US\$49.4 million) and employment-related and office closure costs (US\$26.6 million) totalling US\$76.0 million (2006: US\$45.5 million) in connection with the restructuring and Unification. The net tax charge of US\$23.4 million includes US\$29.0 million transitional withholding tax expense as a result of Unification. Refer Note 6 for details of restructuring costs incurred within discontinued operations.

<sup>2</sup> Following a review, Recall incurred US\$26.0 million on restructuring its Global, North American, European and Asia Pacific operations. This included redundancy and related costs, software writedowns and AUSDOC integration costs.

<sup>3</sup> During 2006, Brambles acquired AUSDOC Holdings Pty Limited. In accordance with AASB 3: Business Combinations, certain identifiable intangible assets were recognised and recorded at fair value on acquisition. Based on the assessment of their useful lives on the date of acquisition, these assets were fully amortised during 2006. Amortisation and other restructuring and integration costs of US\$21.3 million were incurred in 2006.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 6. Discontinued operations

#### a) Description

Brambles Industrial Services Northern Hemisphere, Cleanaway Germany, Cleanaway Australia, Industrial Services Australia, Recall Italy and Regional Businesses were divested in 2006. The divestments of Cleanaway UK and Cleanaway Asia were recognised in first half 2007 and concluded the divestment program announced in November 2005. All these businesses are presented as discontinued operations in this financial report.

#### b) Income statement and cash flow information - discontinued operations

	<b>2007</b>	2006
	<b>US\$m</b>	US\$m
Total revenue	<b>252.1</b>	2,421.5
Operating expenses	<b>(211.5)</b>	(2,121.7)
Share of results of joint ventures and associates	-	10.7
Profit before tax and special items	<b>40.6</b>	310.5
Special items	<b>817.7</b>	1,017.1
Profit before tax from discontinued operations	<b>858.3</b>	1,327.6
Tax (expense)/benefit:		
- On profit before tax and special items	<b>(12.9)</b>	(93.5)
- On special items	<b>12.2</b>	(132.3)
Total tax expense from discontinued operations	<b>(0.7)</b>	(225.8)
Profit for the period from discontinued operations	<b>857.6</b>	1,101.8
Net cash inflow from ordinary activities	<b>39.3</b>	245.6
Net cash outflow from investing activities	<b>(21.4)</b>	(131.2)
Net cash outflow from financing activities	<b>(0.5)</b>	(0.6)
Net increase in cash from discontinued operations	<b>17.4</b>	113.8

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 6. Discontinued operations - *continued*

#### c) Special items - discontinued operations

	2007 US\$m		
	Before tax	Tax	After tax
Exceptional items:			
- Gain recognised on completed disposals:			
- Cleanaway UK <sup>1</sup>	788.6	1.5	790.1
- Cleanaway Asia <sup>2</sup>	12.3	(1.1)	11.2
- Other <sup>3</sup>	19.8	11.8	31.6
- Restructuring and Unification costs <sup>4</sup>	(3.0)	-	(3.0)
Special items from discontinued operations	<b>817.7</b>	<b>12.2</b>	<b>829.9</b>
	2006 US\$m		
	Before tax	Tax	After tax
Exceptional items:			
- Gain recognised on completed disposals <sup>5</sup>	1,071.6	(131.3)	940.3
- Loss on remeasurement to fair value less costs to sell <sup>2</sup>	(25.0)	-	(25.0)
- Costs incurred on disposal activity yet to close <sup>1</sup>	(11.2)	-	(11.2)
- Restructuring and Unification costs	(12.5)	(2.8)	(15.3)
- Other restructuring costs	(5.8)	1.8	(4.0)
Special items from discontinued operations	<b>1,017.1</b>	<b>(132.3)</b>	<b>884.8</b>

<sup>1</sup> In September 2006, Brambles completed the sale of Cleanaway UK and received proceeds of US\$1,109.0 million. The pre-tax profit on sale was US\$788.6 million (adjusted for a foreign currency translation reserve (FCTR) gain of US\$0.9 million). Allowing for costs incurred in second half 2006 of US\$11.2 million, the total profit on sale was US\$777.4 million (US\$778.9 million after tax).

<sup>2</sup> In November 2006, Brambles recognised the sale of Cleanaway Asia. Proceeds were US\$31.6 million resulting in a pre-tax profit on sale of US\$12.3 million (adjusted for a FCTR loss of US\$5.8 million). The divestment program to sell Cleanaway Asia commenced in 2006 during which a loss of US\$25.0 million was recognised to reduce the carrying amount of the disposed assets to estimated fair value less cost to sell. After allowing for this, the net loss on sale was US\$12.7 million (US\$13.8 million after tax).

<sup>3</sup> Net favourable provision adjustments of US\$19.8 million (US\$31.6 million after tax) were recognised in 2007 in respect of divestments completed in 2006.

<sup>4</sup> Further amounts of US\$3.0 million (US\$3.0 million after tax) were incurred in respect of redundancies, office closure and expenses associated with Brambles Industrial Services headquarters which were closed during 2007.

<sup>5</sup> During 2006, Brambles completed the following sales:

	Proceeds US\$m	Pre-tax profit/(loss) US\$m	Tax US\$m	After tax profit/(loss) US\$m
Eurotainer	105.5	61.0	(16.3)	44.7
BIS Northern	238.2	0.7	1.1	1.8
Cleanaway Germany	738.5	179.3	(7.2)	172.1
Interlake	41.5	(19.5)	6.1	(13.4)
TMF	19.4	8.8	(1.3)	7.5
TCR	32.7	10.7	-	10.7
Cleanaway & Industrial	1,341.6	857.1	(113.7)	743.4
Recall Italy	9.3	(26.5)	-	(26.5)
	<b>2,526.7</b>	<b>1,071.6</b>	<b>(131.3)</b>	<b>940.3</b>

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 6. Discontinued operations - *continued*

#### d) Details of disposal transactions recognised in 2007 - discontinued operations

	<u>2007</u> <u>US\$m</u>
Cash consideration received	2,426.5
Cash and cash equivalents disposed	10.7
Costs settled	99.3
Deferred consideration	<u>(1,393.1)</u>
Total disposal consideration	<u>1,143.4</u>
Carrying amounts of assets and liabilities sold:	
- Cash and cash equivalents	10.7
- Receivables	142.5
- Inventories	5.1
- Other assets	13.6
- Current and deferred tax assets	37.0
- Property, plant and equipment	365.9
- Goodwill and intangible assets	93.7
- Equity-accounted investments	10.5
- Trade and other payables	(135.2)
- Current and deferred tax liabilities	(20.2)
- Retirement benefit obligations	(120.9)
- Provisions	(98.0)
- Debt	<u>(6.9)</u>
Carrying amount of net assets sold	<u>297.8</u>
Equity reserves brought to account on disposal:	
- Foreign currency translation reserve taken to profit or loss	4.9
- Outside equity interest	<u>(3.5)</u>
Net impact on equity reserves	<u>1.4</u>
Gross gain on disposal	844.2
Disposal costs	<u>(23.5)</u>
Gain on sale before income tax	<u>820.7</u>

Deferred consideration reflects the proceeds from the sale of Cleanaway Australia and Industrial Services Australia, which was recognised in the income statement in 2006. The proceeds were settled in cash on 5 July 2006 and are included within cash consideration received of US\$2,426.5 million.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 7. Business combination

#### a) Brambles Limited

On 4 December 2006, Brambles completed the Unification of the DLC structure as referred to in Note 1. The Unification has been accounted for as a reverse acquisition whereby for financial reporting purposes Brambles Limited has been treated as being acquired by the existing BIL/BIP consolidated group.

Brambles Limited was incorporated on 21 March 2006 with a share capital of A\$2 and had no trading activity until 4 December 2006 when it became the legal parent of BIL and BIP on Unification.

As a result of Unification costs, Brambles Limited had a net asset deficiency of A\$10.2 million at the date of the reverse acquisition.

#### b) AUSDOC

On 13 October 2005, Brambles announced it had agreed to purchase 100% of the issued share capital of AUSDOC Holdings Pty Limited, an information management business. Change of control was effective on 29 November 2005, following regulatory approval of the transaction.

For the period from 29 November 2005 to 30 June 2006, AUSDOC contributed revenues of US\$33.7 million and operating profit after tax of US\$5.7 million, before an exceptional expense of US\$18.6 million. These results are included within the Recall business segment. If the acquisition had occurred on 1 July 2005, Brambles' revenues and profit after tax for 2006 would have been US\$23.3 million higher and US\$1.6 million lower respectively, after allowing for finance costs.

The fair value of the AUSDOC assets acquired, liabilities assumed and goodwill were as follows:

	2006 US\$m
Cash paid	189.9
Direct costs relating to the acquisition	3.3
Total purchase consideration	<u>193.2</u>
Fair value of net identifiable assets acquired	<u>92.6</u>
Goodwill	<u>100.6</u>

The goodwill acquired is attributable to the profitability of the acquired business and anticipated synergies with Recall's existing operations. The fair values of assets and liabilities acquired, including intangibles such as customer lists, were established using professional valuers, where relevant.

Notes to and forming part of the preliminary final report  
for the year ended 30 June 2007 - *continued*

**Note 7. Business combination - *continued***

On acquisition of AUSDOC, assets acquired and liabilities assumed were:	Acquiree's carrying amount US\$m	Fair value US\$m
Cash and cash equivalents	2.0	2.0
Trade and other receivables	5.7	5.7
Inventories	0.2	0.2
Other current assets	1.1	1.4
Property, plant and equipment	29.7	34.8
Intangible assets	65.3	57.3
Current and deferred tax assets	1.6	1.6
	<u>105.6</u>	<u>103.0</u>
Trade and other payables	(5.4)	(5.4)
Provisions	(2.8)	(3.4)
Current and deferred tax liabilities	(1.6)	(1.6)
	<u>(9.8)</u>	<u>(10.4)</u>
Net assets	<u>95.8</u>	<u>92.6</u>

Cash outflow on acquisition of AUSDOC was as follows:	2006 US\$m
Cash and cash equivalents acquired	2.0
Cash consideration	<u>(193.2)</u>
Net cash outflow	<u>(191.2)</u>

In addition to the AUSDOC acquisition, there were a number of other acquisitions in 2007 and 2006, the impacts of which were immaterial in aggregate.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 8. Income tax

	2007 US\$m	2006 US\$m
<u>Amounts recognised in the income statement</u>		
Current income tax - continuing operations:		
- Income tax charge	176.6	183.3
- Prior year adjustments	(5.4)	2.4
	<u>171.2</u>	<u>185.7</u>
Deferred tax - continuing operations:		
- Origination and reversal of temporary differences	133.7	44.0
- Previously unrecognised tax losses	(3.1)	(11.0)
- Prior year adjustments	0.6	8.0
	<u>131.2</u>	<u>41.0</u>
Tax expense - continuing operations	302.4	226.7
Tax expense - discontinued operations (Note 6b)	0.7	225.8
Tax expense recognised in the income statement	<u>303.1</u>	<u>452.5</u>
<u>Amounts recognised in the statement of recognised income and expense</u>		
- Actuarial (gain)/losses on defined benefit pension schemes	(4.0)	8.6
- (Gains)/losses on revaluation of cash flow hedges	(1.9)	1.5
Tax (benefit)/expense recognised directly in the statement of recognised income and expense	<u>(5.9)</u>	<u>10.1</u>
<u>Reconciliation between tax expense and accounting profit before tax</u>		
Profit before tax - continuing operations	736.1	589.3
Tax at 30% (2006: 30%)	220.8	176.8
Effect of tax rates in overseas jurisdictions	11.2	18.0
Prior year adjustments	(4.8)	10.4
Items not subject to taxation	(1.8)	(4.6)
Prior year tax losses written-off	-	0.9
Current year tax losses not recognised	3.6	5.0
Prior year tax losses recouped	(3.1)	(10.7)
Foreign withholding tax provided	31.2	4.3
Changes in tax rates	(7.0)	(0.4)
Non-deductible expenses	36.1	21.1
Other	16.2	5.9
Tax expense - continuing operations	<u>302.4</u>	<u>226.7</u>
Tax expense - discontinued operations (Note 6b)	<u>0.7</u>	<u>225.8</u>
Total income tax expense	<u>303.1</u>	<u>452.5</u>



Notes to and forming part of the preliminary final report  
for the year ended 30 June 2007 - *continued*

**Note 9. Earnings per share**

	<b>2007</b>	2006
	<b>US cents</b>	US cents
Earnings per share		
- Basic	<b>83.4</b>	86.7
- Diluted	<b>82.3</b>	85.2
- Basic, before special items	<b>39.6</b>	38.3
From continuing operations		
- Basic	<b>28.0</b>	21.5
- Diluted	<b>27.7</b>	21.1
- Basic, before special items	<b>37.8</b>	25.5
From discontinued operations		
- Basic	<b>55.4</b>	65.2
- Diluted	<b>54.6</b>	64.1
- Basic, before special items	<b>1.8</b>	12.8
Weighted average number of shares used as the denominator:		
	<b>2007</b>	2006
	<b>million</b>	million
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<b>1,548.3</b>	1,688.8
Adjustment for share options and performance share rights	<b>20.0</b>	27.9
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	<b>1,568.3</b>	1,716.7

Options granted under the employee option 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.

**Note 10. Unification reserve**

As described in Note 1, on Unification Brambles Limited issued shares on a one-for-one basis to those BIL and 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 BIL and BIP share capital at that date.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 11. Dividends

#### a) Dividends paid during the year

	Special <sup>1</sup> 2006	Final 2006	Interim 2006	Final 2005
<b>Brambles Industries Limited</b>				
Dividend per share (in Australian cents)	34.5 <sup>1</sup>	13.5	11.5	11.5
Franked amount at 30% tax (in Australian cents)	34.5	13.5	11.5	11.5
Cost (in US\$ million)	256.0	100.2	83.9	87.1
Payment date	12 Oct 2006	12 Oct 2006	13 Apr 2006	13 Oct 2005
	Special <sup>1</sup> 2006	Second interim 2006	Interim 2006	Second interim 2005
<b>Brambles Industries plc</b>				
Dividend per share (in pence)	13.918 <sup>1</sup>	5.446	4.887	4.815
Cost (in US\$ million)	178.1	69.7	61.2	64.5
Payment date	12 Oct 2006	12 Oct 2006	13 Apr 2006	13 Oct 2005

<sup>1</sup> The special dividend paid on 12 October 2006 included 13.5 Australian cents (5.446 pence) in lieu of the 2007 interim dividend that would normally be paid in April 2007; and 21.0 Australian cents (8.472 pence) in recognition of the success of the divestment program. Consequently, Brambles Limited did not declare a 2007 interim dividend.

#### b) Dividend declared after reporting date

	Final 2007
<b>Brambles Limited</b>	
Dividend per share (in Australian cents)	17.0
Franked amount at 30% tax (in Australian cents)	3.4
Cost (in US\$ million)	188.3
Dividend record date	21 Sept 2007
Payment date	11 Oct 2007

As this dividend had not been declared at the reporting date, it is not reflected in the financial statements.

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 12. Issued and quoted securities

On Unification (as described in Note 1), there were the following changes to Brambles' issued share capital, options and performance share rights:

- Shares held by BIL Shareholders were transferred to Brambles Limited in return for the issue of new Brambles Limited shares (on a one-for-one basis) or a cash payment under the Cash Alternative;
- Shares held by BIP Shareholders were transferred to Brambles Limited in return for the issue of new Brambles Limited shares (on a one-for-one basis) or cancelled in return for a cash payment under the Cash Alternative; and
- Options and performance share rights over BIL and BIP shares held by employees and former employees were cancelled and replaced by options and performance share rights over Brambles Limited shares on substantially similar terms. This has been accounted for as a modification without incremental value under AASB 2: Share-based payments and did not result in any additional remuneration expense.

<b>Brambles Industries Limited</b>	<b>Options</b>	<b>Ordinary securities</b>	
	<b>Number</b>	<b>Number</b>	<b>A\$m</b>
At 1 July 2006	43,580,506	957,277,549	1,055.5
Issued during the period	-	17,354,607	81.4
Exercised during the period	(18,344,732)	-	-
Lapsed during the period	(2,171,009)	-	-
At Unification on 4 December 2006	23,064,765	974,632,156	1,136.9

On Unification:

- Acquired by BL under Cash Alternative	-	3,118,128	
- Acquired by BL for BL shares	-	971,514,028	
- Cancelled and replaced	23,064,765	-	
	23,064,765	974,632,156	

<b>Brambles Industries plc</b>	<b>Number</b>	<b>Number</b>	<b>£m</b>
	At 1 July 2006	13,463,580	667,353,703
Issued during the period	-	4,554,456	0.2
Exercised during the period	(5,330,780)	-	-
Lapsed during the period	(2,624,861)	-	-
At Unification on 4 December 2006	5,507,939	671,908,159	33.5

On Unification:

- Cancelled under Cash Alternative	-	90,745,866	
- Acquired by BL for BL shares	-	581,162,293	
- Cancelled and replaced	5,507,939	-	
	5,507,939	671,908,159	

<b>Brambles Limited</b>	<b>Number</b>	<b>Number</b>	<b>US\$m</b>
	At 1 July 2006	-	2
Issued on Unification on 4 December 2006	28,572,704	1,552,676,321	15,526.7
Issued during the period from Unification	2,764,530	4,345,716	20.8
Exercised during the period from Unification	(4,522,698)	-	-
Lapsed during the period from Unification	(4,184,276)	-	-
Shares purchased on-market and cancelled	-	(141,536,975)	(1,484.7)
At 30 June 2007	22,630,260	1,415,485,064	14,062.8

Notes to and forming part of the preliminary final report  
for the year ended 30 June 2007 - *continued*

**Note 13. Changes in equity**

	<b>2007</b>	2006
	<b>US\$m</b>	US\$m
Total equity at 1 July	<b>2,953.0</b>	2,387.3
Adjustment on initial adoption of AASB 132 and AASB 139	-	(0.2)
Total recognised income and expense for the year	<b>1,432.0</b>	1,427.2
Long term incentive plan:		
- Performance shares to be issued	<b>20.8</b>	26.6
- Shares issued	<b>(18.9)</b>	(12.4)
- Income tax	<b>11.3</b>	8.1
Transactions with equity holders in their capacity as equity holders:		
- Dividends paid	<b>(588.5)</b>	(296.9)
- Issues of ordinary shares, net of transaction costs	<b>82.4</b>	48.2
- Premium on issue of ordinary shares	<b>12.0</b>	15.4
- Shares purchased on-market and cancelled	<b>(1,527.5)</b>	(645.2)
- Cash Alternative at Unification	<b>(950.3)</b>	-
Minority interest:		
- Dividends paid	-	(0.6)
- Other	<b>(0.1)</b>	0.1
- On disposal of subsidiaries	<b>(3.5)</b>	(4.6)
Total equity at 30 June	<b>1,422.7</b>	2,953.0

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 14. Cash flow statement - additional information

#### a) Reconciliation of cash

	2007 US\$m	2006 US\$m
Cash at bank and in hand	112.8	113.4
Short term deposits	17.6	16.0
Bank overdrafts	(3.5)	-
	<b>126.9</b>	<b>129.4</b>

#### b) Borrowing facilities and credit standby arrangements

##### Total facilities:

- Committed borrowing facilities	3,267.5	3,198.6
- Loan notes	425.0	425.0
- Credit standby/uncommitted arrangements	62.6	65.1
	<b>3,755.1</b>	<b>3,688.7</b>

##### Facilities used at reporting date:

- Committed borrowing facilities	1,646.3	1,351.3
- Loan notes	425.0	425.0
- Credit standby/uncommitted arrangements	34.3	21.2
	<b>2,105.6</b>	<b>1,797.5</b>

##### Facilities unused at reporting date:

- Committed borrowing facilities	1,621.2	1,847.3
- Credit standby/uncommitted arrangements	28.3	43.9
	<b>1,649.5</b>	<b>1,891.2</b>

##### Total credit facilities by currency:

- US dollar	US\$	1,595.3	1,595.4
- Sterling	£	745.0	783.9
- Euro	€	426.1	431.6
- Other	US\$	82.5	88.1

#### c) Non-cash financing or investing activities

There were no 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.

Notes to and forming part of the preliminary final report  
for the year ended 30 June 2007 - *continued*

**Note 14. Cash flow statement - additional information**

<b>d) Reconciliation of profit after tax to net cash flows from operating activities</b>	<b>2007</b>	2006
	<b>US\$m</b>	US\$m
Profit after tax	<b>1,291.3</b>	1,464.4
Adjustments for:		
- Depreciation and amortisation	<b>404.3</b>	492.7
- Irrecoverable pooling equipment provision expense	<b>90.2</b>	93.7
- Loss on remeasurement to fair value less costs to sell	-	25.0
- Net gains on disposals of property, plant and equipment	<b>(42.7)</b>	(35.3)
- Other valuation adjustments	<b>(0.6)</b>	-
- Net gains on disposal of businesses and investments	<b>(2.9)</b>	(5.0)
- Net gains after tax on completed disposals of discontinued operations	<b>(832.9)</b>	(940.3)
- Costs incurred on disposal activity yet to close	-	11.2
- Joint ventures and associates	<b>2.8</b>	1.8
- Equity-settled share-based payments	<b>20.8</b>	26.2
- Finance costs	<b>6.3</b>	(7.6)
Movements in operating assets and liabilities, net of acquisitions and disposals:		
- Increase in trade and other receivables	<b>(46.0)</b>	(5.1)
- (Increase)/decrease in prepayments	<b>(1.0)</b>	1.6
- (Increase)/decrease in inventories	<b>(5.9)</b>	1.9
- Decrease in deferred tax	<b>135.7</b>	50.8
- Increase/(decrease) in trade and other payables	<b>61.0</b>	(50.0)
- (Decrease)/increase in tax payables	<b>(3.0)</b>	49.0
- (Decrease)/increase in provisions	<b>(37.6)</b>	12.1
- Other	<b>4.2</b>	2.0
Net cash inflow from operating activities	<b>1,044.0</b>	1,189.1

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 15. Equity-accounted investments

#### a) Joint ventures

Brambles has investments in the following joint ventures, all of which are 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	
		2007	2006
CISCO - Total Information Management Pte. Limited (Information management)	Singapore	49%	49%
General de Archivo Y Deposito, SA (Document management services)	Spain	49%	49%
Recall Becker GmbH & Co. KG (Document management services)	Germany	50%	50%
Hsiung Wei Company Limited <sup>1</sup> (Waste management)	Taiwan	-	50%

<sup>1</sup> Divested November 2006. Refer Note 6.

#### b) Associates

Cleanaway Germany, which was sold in 2006, had investments in associates, all operating in the waste management business in Germany, none of which was individually material.

#### c) Share of results of joint ventures and associates

	2007 US\$m	2006 US\$m
<b>Continuing operations</b>		
Profit from ordinary activities before tax	5.1	4.4
Income tax on ordinary activities	(0.8)	(0.8)
Profit for the year - continuing operations	4.3	3.6
<b>Discontinued operations</b>		
Profit from ordinary activities before tax	-	14.1
Income tax on ordinary activities	-	(3.4)
Profit for the year - discontinued operations	-	10.7
Profit for the year	4.3	14.3

## Notes to and forming part of the preliminary final report for the year ended 30 June 2007 - *continued*

### Note 16. Net tangible asset backing

	<b>2007</b>	2006
	<b>US cents</b>	US cents
Net tangible assets backing based on 1,415.5 million shares (2006: 1,624.6 million shares)	<b>47.1</b>	131.7

Net tangible assets backing 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. Goodwill and intangible assets include any such assets classified as held for sale.

### Note 17. Contingent liabilities

Brambles has given vendor warranties in relation to businesses sold in 2006 and 2007 and is in the process of agreeing working capital adjustments as required under the Interlake sale agreement. Brambles has recognised the financial impact of such vendor warranties and adjustments on the basis of information currently available. A contingent liability exists for any amounts which may ultimately be borne by Brambles which are in excess of the amounts provided at 30 June 2007. Otherwise, there have been no material changes in Brambles' contingent liabilities as set out in the 2006 Annual Report.

### Note 18. Events after balance sheet date

Other than those outlined in this preliminary final report, there have been no events that have occurred subsequent to 30 June 2007 that have had a material impact on Brambles' financial performance or position.



## 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 the Brambles 2007 Annual Report.

C A van der Laan de Vries  
Company Secretary

22 August 2007

## Glossary

### **Average capital invested**

This is calculated as a 12 month average of net assets before tax balances, cash and borrowings but after adding back accumulated pre-tax special items (excluding those associated with the restructuring, Unification and divestment program).

### **Brambles HQ**

Previously, Corporate

### **Brambles Value Added (BVA)**

Brambles Value Added (BVA) represents the value generated over and above the cost of the capital used to generate that value. BVA is denominated in US dollars using Brambles' results. It is calculated as comparable operating profit (COP) less (average capital invested (ACI), at fixed June 2006 exchange rates, multiplied by Brambles' weighted average pre-tax cost of capital (WACC)).

$BVA = COP - (ACI \times WACC)$ .

### **Capital expenditure**

In the commentary, this is presented on a cash flow basis. Unless otherwise stated, it excludes intangible assets, investments in associates and equity acquisitions and is shown gross of any fixed asset disposals proceeds.

### **Cash flow from operations**

Cash flow generated after net capital expenditure and before special items

### **Comparable operating profit**

Comparable operating profit is profit before special items, finance costs and tax, which the Directors consider to be a useful measure of underlying business performance.

### **Constant currency**

In the commentary, comparative trading measures have been presented in constant currency, by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable for the comparable period so as to show relative performance between the periods before the translation impact of currency fluctuations.

In the statutory financial statements, foreign currency results have been translated at the applicable actual monthly exchange rates ruling in each period.

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

### **Free cash flow**

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

### **Gearing**

$\text{Net debt} \div \text{net debt \& equity}$

### **Special items**

Special items comprise impairments, exceptional items, fair value adjustments and amortisation of acquired non-goodwill intangible assets (other than software). Exceptional items are items of income or expense which are considered to be outside the ordinary course of business and are, either individually or in aggregate, material to Brambles or to the relevant business segment.

### **Unification**

Unification refers to the acquisition by Brambles Limited of all Brambles Industries Limited and Brambles Industries plc shares under separate schemes of arrangement on 4 December 2006.

## Background information

US\$ million

Actual fx rates

	1H07	2H07	FY07	1H06	2H06	FY06
<b>Sales</b>						
CHEP Americas	692.8	736.9	1,429.7	651.0	675.2	1,326.2
CHEP Europe	669.8	703.0	1,372.8	608.0	644.7	1,252.7
CHEP Rest of World	202.0	213.9	415.9	186.0	191.5	377.5
CHEP	1,564.6	1,653.8	3,218.4	1,445.0	1,511.4	2,956.4
Recall	308.1	342.3	650.4	262.6	303.1	565.7
<b>Comparable operating profit</b>						
CHEP Americas	190.9	226.0	416.9	145.0	179.9	324.9
CHEP Europe	132.7	167.9	300.6	117.3	146.3	263.6
CHEP Rest of World	61.6	66.1	127.7	55.5	59.8	115.3
CHEP	385.2	460.0	845.2	317.8	386.0	703.8
Recall	50.0	68.5	118.5	38.1	59.4	97.5
<b>Profit margin</b>						
CHEP Americas	28%	31%	29%	22%	27%	24%
CHEP Europe	20%	24%	22%	19%	23%	21%
CHEP Rest of World	30%	31%	31%	30%	31%	31%
CHEP	25%	28%	26%	22%	26%	24%
Recall	16%	20%	18%	15%	20%	17%
<b>Average capital invested</b>						
CHEP Americas	1,317.8	1,377.2	1,347.5	1,290.7	1,293.1	1,291.9
CHEP Europe	1,299.9	1,319.1	1,309.5	1,243.6	1,259.4	1,251.5
CHEP Rest of World	315.2	333.2	324.2	300.4	306.0	303.2
CHEP	2,932.9	3,029.5	2,981.2	2,834.7	2,858.5	2,846.6
Recall	860.2	917.4	888.8	659.4	830.6	745.0
<b>ROCI (annualised)</b>						
CHEP Americas	29%	33%	31%	22%	28%	25%
CHEP Europe	20%	25%	23%	19%	23%	21%
CHEP Rest of World	39%	40%	39%	37%	39%	38%
CHEP	26%	30%	28%	22%	27%	25%
Recall	12%	15%	13%	12%	14%	13%

## Background information - *continued*

US\$ million

Actual fx rates

	1H07	2H07	FY07	1H06	2H06	FY06
<b>Cash flow from operations</b>						
CHEP Americas	137.8	185.1	322.9	109.6	187.3	296.9
CHEP Europe	153.1	188.8	341.9	105.9	177.0	282.9
CHEP Rest of World	43.9	71.7	115.6	35.7	56.7	92.4
CHEP	334.8	445.6	780.4	251.2	421.0	672.2
Recall	11.5	74.9	86.4	11.9	68.0	79.9
<b>Capital expenditure on property, plant &amp; equipment</b>						
CHEP Americas	170.3	144.8	315.1	159.1	145.2	304.3
CHEP Europe	88.5	127.7	216.2	92.6	87.9	180.5
CHEP Rest of World	30.1	34.2	64.3	35.6	28.6	64.2
CHEP	288.9	306.7	595.6	287.3	261.7	549.0
Recall	23.4	29.2	52.6	15.4	21.6	37.0
<b>Depreciation of property, plant &amp; equipment</b>						
CHEP Americas	72.8	74.2	147.0	77.7	79.4	157.1
CHEP Europe	71.9	71.7	143.6	65.6	69.6	135.2
CHEP Rest of World	20.5	22.2	42.7	20.4	20.1	40.5
CHEP	165.2	168.1	333.3	163.7	169.1	332.8
Recall	14.1	14.5	28.6	13.3	17.3	30.6
<b>Capex/depreciation</b>						
CHEP Americas	2.3x	2.0x	2.1x	2.0x	1.8x	1.9x
CHEP Europe	1.2x	1.8x	1.5x	1.4x	1.3x	1.3x
CHEP Rest of World	1.5x	1.5x	1.5x	1.7x	1.4x	1.6x
CHEP	1.7x	1.8x	1.8x	1.8x	1.5x	1.6x
Recall	1.7x	2.0x	1.8x	1.2x	1.2x	1.2x
<b>Pallet numbers (million)</b>						
CHEP Americas	96		100	92		93
CHEP Europe	121		122	124		124
CHEP Rest of World	21		20	20		20
CHEP	238		242	236		237