

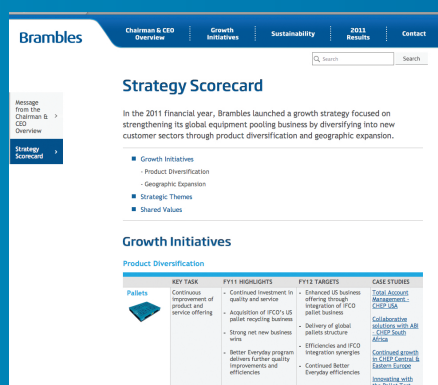
Brambles

Annual Report 2011

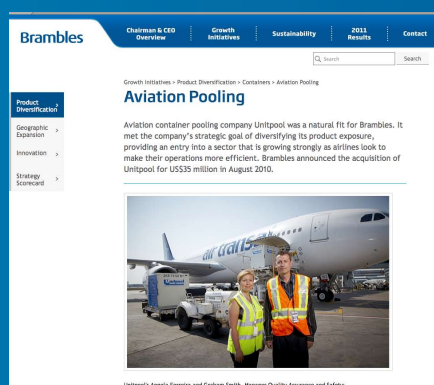


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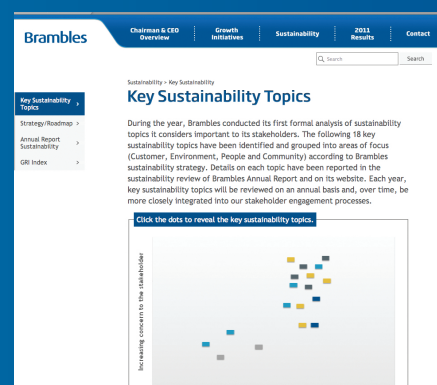
This year we have launched our investor micro-site which offers detailed information on our business operations. You can view the site at: www.brambles.com/2011review



View the strategy scorecard in detail and access content explaining our growth initiatives in depth.



Read case studies highlighting our successes with customers and other important initiatives around the world.



Read information, analysis and case studies about our performance, strategy and targets for sustainability.

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Forward-looking statements

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LETTER FROM THE CHAIRMAN & THE CEO



Brambles' Chairman Graham Kraehe AO and CEO Tom Gorman

9 September 2011

In the 2011 financial year Brambles focused on three key areas: delivering our near-term objectives, making ongoing investments in our future and implementing our long-term strategic plan. We are pleased to say that we made solid progress against each of these targets.

We delivered a strong increase in sales revenue and profit. All our business units reported increased sales as they continued to win new customers, despite challenging economic conditions in our major countries of operation. Our quality and service improvement program in CHEP USA, Better Everyday, continued to deliver for our customers.

We invested substantially in our future. We invested in business development and innovation opportunities throughout the company, and we made a series of acquisitions to complement our organic growth strategy, including IFCO.

We finalised and began to implement an exciting long-term growth strategy. In line with this strategy, we will focus on building our global equipment pooling solutions business by expanding into more customer segments, diversifying our range of products and services and growing geographically, including in emerging markets.

The IFCO acquisition has positioned Brambles as the leading global provider of reusable plastic crates (RPCs) to the fresh produce sector, complementing our position as the global leader in pallet pooling. We are particularly well placed to expand the RPC business in the USA, Europe and emerging markets.

We have developed sufficient growth opportunities in the pooling business to support a single focus for Brambles, so we intend to divest our information management business, Recall, as and when financial market conditions support an appropriate outcome for shareholders. When we receive proceeds from the Recall sale, it will enable us to fund additional growth in pooling, in which we are confident the organic growth opportunities present a long-term return profile in line with our existing pallet pooling business. We will also use those proceeds to reduce debt in line with our net debt to EBITDA target and our commitment to maintaining our BBB+/Baa1 credit ratings. We will consider capital management initiatives should there be funds surplus to our growth needs.

To assist with the delivery of our strategy, we announced a new management and reporting structure effective 1 October 2011. This is based on our three product categories: Pallets, RPCs, and other Containers, such as those used in the automotive, aviation, bulk goods and chemicals sectors.

We have identified incremental organic capital investments of US\$550 million to expand our RPCs, Containers and emerging markets Pallets businesses further over the 2012 and 2013 financial years. Since our 2010 annual report, we have announced three small acquisitions in the containers sector, acquiring Unitpool and JMI Aerospace – to establish a global presence in aviation container pooling – and Container and Pooling Solutions (CAPS), a provider of intermediate bulk containers to the food, automotive and general industrial sectors in the USA.

The new reporting structure will facilitate greater efficiencies in the global Pallets business as we apply best practice standards worldwide. We have identified US\$60 million of annual cost efficiencies in the global Pallets business that we can deliver by the end of the 2015 financial year. These savings will be in addition to US\$40 million of annual synergies we expect to achieve by the 2014 financial year from the integration of IFCO.

LETTER FROM THE CHAIRMAN & THE CEO – CONTINUED

STRATEGY SCORECARD & SHAREHOLDER MICRO-SITE

To help explain our strategy and provide shareholders with additional information about our direction, we have developed the Strategy Scorecard on page 3 as well as an extensive shareholder micro-site to enhance our investor communications.

We encourage shareholders to visit the Brambles website at www.brambles.com to review this content in detail, including case studies and other information highlighting the progress we are making in pursuing our growth strategy across the group.

FINANCIAL YEAR 2011 RESULT

Brambles' result in the 2011 financial year was pleasing, and in line with our expectations. Sales revenue was up 13%, including a three-month contribution from IFCO and a strong rate of new business growth. Operating profit was up 12%, including Significant items, most of which were associated with the acquisition and integration of IFCO. Underlying profit, which excludes these Significant items, was up 17%.

In constant currency terms, after adjusting for the positive translation impact on our non-US dollar earnings during the period, Underlying profit was up 12%.

DIVIDEND

The Board has declared a final dividend of 13.0 Australian cents, up 0.5 cents on the 2010 final dividend, 20% franked and payable on 13 October. This took total dividends for the 2011 financial year to 26.0 Australian cents, up 1.0 Australian cent on the prior year. We have suspended the Dividend Reinvestment Plan.

BOARD & CORPORATE GOVERNANCE

The Board reviews best practice in corporate governance on an ongoing basis. More details are available in the Corporate Governance Statement on pages 27 to 39.

Brambles is currently undertaking an international search for a new Non-executive Director with substantial international business experience and/or knowledge of the transport and logistics industry to join the Board.

This follows the retirement in 2010 of David Gosnell and the resignation in February 2011 of John Mullen, who accepted an executive position at another company. John joined the Brambles board in November 2009 and made a valuable contribution.

During the 2011 financial year the Board adopted a diversity policy, which deals with diversity across a range of issues including gender. Pursuant to that policy, the Board adopted a measurable objective for women to represent 30% of its Board and senior management team by 30 June 2015. Full details are set out in sections 3.2 and 3.3 of the Corporate Governance Statement on page 31.

SUSTAINABILITY

Our commitment to sustainability continues to progress, and our acquisition of IFCO has further enhanced our credentials in the reusable equipment sector, which benefits the environment by removing non-reusable packaging from the supply chain.

During the 2011 financial year, we reviewed our sustainability strategy, introducing a focus on the customer, alongside our pre-existing themes of people, environment and community.

We have reintegrated our Sustainability Report into our Annual Report for 2011, and developed the Key Sustainability Topics matrix to assist us in reporting against our strategy. Please refer to pages 14 to 23 for full details.

SAFETY

During the 2011 financial year, we continued to roll out our three-year strategy for further improving our overall safety performance. This strategy is focused on the following three areas: the development of leadership and general employee safety capability; the evaluation and improvement of plant, equipment and facilities; and the development of appropriate systems and solutions for managing the risk of our operations and those of our third-party business partners.

Brambles' safety performance exceeded our 15% improvement target during the year. The 12-month rolling Brambles Injury Frequency Rate (a combined measure of lost-time injuries, modified duties and medical treatments) was 15.0 events per million man hours at 30 June 2011, compared with 21.9 events per million man hours at 30 June 2010. There were no employee or contractor fatalities during the period. Brambles remains committed to its goal of Zero Harm.

OUTLOOK

In the 2012 financial year, subject to unforeseen circumstances and no further deterioration in global economic conditions, Brambles expects to deliver Underlying profit – prior to Significant items – of between US\$1,040 million and US\$1,100 million, at 30 June 2011 foreign exchange rates. This guidance includes a full 12-month contribution from both IFCO and Recall.

Brambles is in a strong position to deliver its strategy of creating a global pallet and container pooling business across a wider range of customer segments as we diversify our range of products and services and expand into emerging markets.



Graham Kraehe AO
Chairman






Tom Gorman
CEO




GROWTH STRATEGY SCORECARD 2011

In the 2011 financial year, Brambles launched a growth strategy focused on strengthening its global equipment pooling business by diversifying into new customer sectors through product diversification and geographic expansion.

Product Diversification

	KEY TASK	FINANCIAL YEAR 2011 HIGHLIGHTS	FINANCIAL YEAR 2012 TARGETS
Pallets 	Continuous improvement of product and service offering	<ul style="list-style-type: none"> - Continued investment in quality and service - Acquisition of IFCO's US pallet recycling business - Strong net new business wins - Better Everyday program delivers further quality improvements and efficiencies 	<ul style="list-style-type: none"> - Enhanced US business offering through integration of IFCO pallet business - Delivery of global pallets structure - Efficiencies and IFCO integration synergies - Continued Better Everyday efficiencies
RPCs 	Continuous improvement of product and service offering	<ul style="list-style-type: none"> - Acquisition of leading RPC business, IFCO - Creation of global RPC business unit - Continued product innovation - Strong customer growth 	<ul style="list-style-type: none"> - Continued strong growth and investment in RPCs worldwide - Synergies and growth from IFCO/CHEP integration
Containers 	Grow domestic and intercontinental revenue streams in specialist container sectors	<ul style="list-style-type: none"> - Launch of automotive business in USA - Investment in intermediate bulk container business - Acquisition of aviation container pooling business 	<ul style="list-style-type: none"> - Growth of USA and global automotive businesses - Identification of further growth opportunities in IBCs - Strong growth and holistic service offering in aviation

Geographic Expansion

KEY TASK	FINANCIAL YEAR 2011 HIGHLIGHTS	FINANCIAL YEAR 2012 TARGETS
Participate in supply chain modernisation in Asia 	<ul style="list-style-type: none"> - Increased palletisation of Chinese and Indian grocery sectors - Strong growth in automotive business in Asia - CHEP South-East Asia continued growth 	<ul style="list-style-type: none"> - Continued penetration of CHEP solutions in all markets - Increased investment in the pallets and automotive businesses
Roll out pooling solutions in EMEA emerging regions 	<ul style="list-style-type: none"> - Continued penetration of pallets business in Central and Eastern Europe - Strong growth and product diversification in South Africa - Continued expansion in Middle East business 	<ul style="list-style-type: none"> - Establishment of RPC business in Central and Eastern Europe - Further pallets business expansion into new countries - Continued support of customers' expansion
Expand our offering into Latin America 	<ul style="list-style-type: none"> - Strong growth in pallets in Brazil, Argentina and Chile - Establishment of South American RPC presence through IFCO - IBC presence in Mexico through CAPS 	<ul style="list-style-type: none"> - Ongoing expansion into new countries - Identification of further opportunities in automotive, IBC and RPC - Continued support of customers' expansion

OPERATIONAL & FINANCIAL REVIEW

SALES & OPERATING PROFIT SUMMARY

Year ended 30 June, US\$m	2011	2010	Change (actual FX)	Change (constant FX)
Sales revenue				
CHEP Americas	1,617.2	1,533.6	5%	4%
CHEP EMEA	1,545.9	1,482.6	4%	3%
CHEP Asia-Pacific	463.7	390.9	19%	6%
Total CHEP	3,626.8	3,407.1	6%	4%
IFCO	230.1	-	-	-
Recall	815.3	739.7	10%	5%
Total sales revenue	4,672.2	4,146.8	13%	9%
Operating profit				
CHEP Americas	278.1	235.2	18%	15%
CHEP EMEA	310.3	324.9	(4)%	(5)%
CHEP Asia-Pacific	96.6	77.8	24%	8%
Total CHEP	685.0	637.9	7%	4%
IFCO	30.3	-	-	-
Recall	145.8	123.1	18%	10%
Brambles HQ	(51.9)	(36.5)	(42)%	(30)%
Operating profit	809.2	724.5	12%	8%
Net finance costs	(127.5)	(109.6)	(16)%	(13)%
Profit before tax	681.7	614.9	11%	7%
Tax expense	(209.9)	(171.0)	(23)%	(16)%
Profit from continuing operations	471.8	443.9	6%	3%
Profit from discontinued operations	3.6	4.9	(27)%	(37)%
Profit for the year	475.4	448.8	6%	3%
Weighted average number of shares (millions)	1,445.6	1,411.3		
Basic EPS (US cents)	32.9	31.8	3%	0%
Basic EPS (Australian cents)	32.8	36.1	(9)%	0%

UNDERLYING PROFIT

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

RECONCILIATION OF UNDERLYING PROFIT TO OPERATING PROFIT

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

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

GROUP REVIEW

SALES

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

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

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

IFCO¹, which Brambles acquired effective 31 March 2011, contributed US\$230.1 million of sales revenue. Excluding IFCO, sales revenue was US\$4,442.1 million, up 7% (4% at constant currency).

BUSINESS WINS

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

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

PROFIT

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

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

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

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

INTEREST

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

TAX

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

PROFIT AFTER TAX

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

CASH FLOW AND RETURN ON CAPITAL

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

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

DIVIDEND

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

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

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

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

BUSINESS UNIT REVIEW

CHEP AMERICAS

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

Sales

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

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

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

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

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

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

Business wins

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

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

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

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

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

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

Profit

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

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

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

Cash flow and return on capital

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

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

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

CHEP EMEA

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

Sales

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

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

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

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

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

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

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

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

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

Business wins

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

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

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

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

Profit

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

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

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

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

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

Cash flow and return on capital

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

CHEP ASIA-PACIFIC

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

Sales

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

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

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

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

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

Business wins

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

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

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

Profit

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

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

Cash flow and return on capital

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

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

IFCO

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

Sales

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

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

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

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

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

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

OPERATIONAL & FINANCIAL REVIEW - CONTINUED

Business wins

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

Profit

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

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

RECALL

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

Sales

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

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

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

Business wins

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

Profit

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

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

Cash flow and return on capital

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

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

ADDITIONAL FINANCIAL INFORMATION

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

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

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

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

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

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

CASH FLOW

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

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

BRAMBLES VALUE ADDED

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

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

NET DEBT & KEY RATIOS

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

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

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

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

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

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

TREASURY & RISK REVIEW

CAPITAL STRUCTURE

Brambles manages its capital structure to maintain a solid investment grade credit rating. During the financial year ended 30 June 2011, Brambles held investment grade credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's Investors Service.

In determining its capital structure, Brambles considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital, and ease of access to funding sources. Initiatives available to Brambles to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying-back share capital, issuing new shares, selling assets to reduce debt and varying the maturity profile of borrowings.

Brambles' financial policy is to target a net debt to EBITDA ratio of less than 1.75 times. The ratio at 30 June 2011 was 2.2 times, outside the target, reflecting the funding of the IFCO acquisition. Brambles expects the net debt to EBITDA ratio to revert within the policy level during 2012 as the Company intends to use part of the proceeds from any sale of Recall to retire debt. The Company is committed to maintaining its BBB+/Baa1 credit ratings.

During the 2011 financial year, Brambles raised additional equity through a number of sources. These sources included the reinvestment of A\$147.1 million in dividends under its Dividend Reinvestment Plan for the 2010 final dividend and the 2011 interim dividend; the A\$104.1 million underwritten portion of the 2011 interim dividend; and A\$110.0 million from an underwritten share purchase plan in December 2010.

TREASURY POLICIES

Brambles' treasury function is responsible for the management of certain financial risks within Brambles. Key treasury activities include liquidity management, interest rate and foreign exchange risk management, and securing access to short and long term sources of debt finance at competitive rates. These activities are conducted on a centralised basis in accordance with Board policies and guidelines, through standard operating procedures and delegated authorities. These policies provide the framework for Treasury to arrange and implement lines of credit from its financiers, select and deal in approved financial derivatives for hedging purposes and generally execute Brambles' financial strategy.

Brambles' policies with respect to interest and exchange rate risk and appropriate hedging instruments are described below and further information is contained in Note 30 (pages 106 to 115) including a sensitivity analysis (page 109 and page 111) with respect to these financial instruments.

The Group uses standard financial derivatives to manage financial exposures in the normal course of business. It does not use derivatives for speculative purposes and transacts derivatives predominantly with relationship banks with a reasonable understanding of its business operations. Individual credit limits are assigned to those banks, thereby limiting exposure to credit-related losses in the event of non-performance by a counterparty.

Treasury prepares formal reports each month, which are circulated to the Chief Financial Officer and other senior finance executives. These reports include statistical and sensitivity analysis, details of funding utilisation and capacity, and commentary on other significant matters.

FUNDING AND LIQUIDITY

Brambles funded its operations during the 2011 financial year through equity issuance, retained cash flow and new borrowings. The Group generally sources debt funding from relationship banks and debt capital market investors on a medium-to-long-term basis. Brambles also enters into operating leases for office and operational locations and certain plant and equipment.

Bank borrowing facilities are generally structured on a multi-currency, revolving basis and currently have maturities ranging to June 2016. Borrowings under the facilities are floating-rate, unsecured obligations with covenants and undertakings typical for these types of arrangements.

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

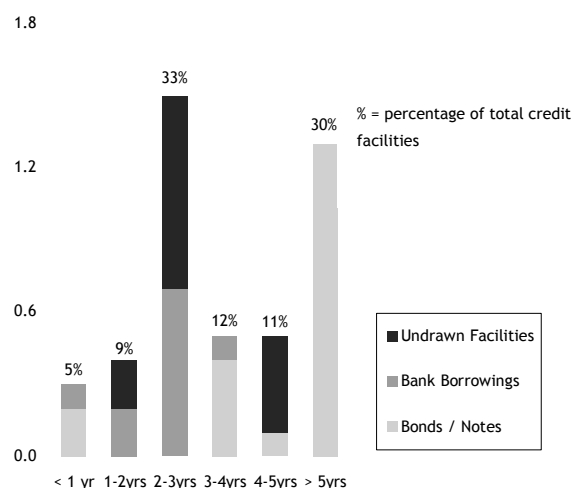
To diversify its funding sources further and to lengthen maturities, Brambles raised €500 million in the European bond market in April 2011. The note issue comprised €500 million of 4.625% fixed rate seven-year notes, the proceeds of which Brambles used to repay bank borrowings.

Key financial ratios continue to reflect the Company's strong balance sheet position and remain well within the financial covenants included in Brambles' major financing agreements, with net debt to EBITDA at 2.2 times (2010: 1.5 times) and EBITDA interest cover at 10.4 times (2010: 10.7 times).

At 30 June 2011, Brambles had committed credit facilities including bonds and notes totalling US\$4,442.4 million. Undrawn committed borrowing capacity totalled US\$1,433.6 million. The average term to maturity of committed credit facilities increased to 4.1 years at 30 June 2011 from 3.6 years at 30 June 2010.

The table below shows the maturity profile of the Group's committed borrowing facilities and outstanding bonds including the percentage due in each 12-month maturity bucket.

MATURITY PROFILE OF COMMITTED BORROWING FACILITIES AND OUTSTANDING BONDS (US\$ BILLIONS)



During the 2011 financial year, Brambles adopted a liquidity policy that requires, among other things, that no more than 25% of total committed credit facilities due greater than 12 months mature in any rolling 12-month period. At 30 June 2011, Brambles exceeded its target level in the two-to-three-year maturity period. The Group actively manages its maturity profile and expects to attain full compliance with the policy over time as it refinances credit facilities.

INTEREST RATE RISK

Brambles' interest rate risk policy is designed to reduce volatility in funding costs through prudent selection of hedging instruments. This policy includes maintaining a mix of fixed and floating-rate instruments within a target band, over a certain time horizon. In some cases, interest rate derivatives are used to achieve this result.

The present policy requires the level of fixed rate debt to be within 40% to 70% of total forecast debt arising over the immediate 12-month period, decreasing to a range of 20% to 60% for debt maturities of one to two years, a range of 10% to 50% for debt maturities of two to three years and a range of 0% to 50% for debt maturities extending beyond three years.

As at 30 June 2011, 58% of Brambles' weighted average interest bearing debt over the next 12 months was at fixed interest rates (2010: 62%). The weighted average maturity period was 5.5 years (2010: 4.9 years). The fair value of all interest rate swap instruments was US\$13.9 million net gain (2010: US\$1.8 million net gain).

FOREIGN EXCHANGE RISK

Foreign exchange exposures are managed from a perspective of protecting shareholder value. Exposures generally arise in either of two forms:

- transaction exposures affecting the value of transactions translated back to the functional currency of the subsidiary; and
- translation exposures affecting the value of assets and liabilities of overseas subsidiaries when translated into US dollars.

Under Brambles' foreign exchange policy, foreign exchange hedging is mainly confined to hedging transaction exposures where they exceed a certain threshold, and as soon as a defined exposure arises. Within Brambles, exposures may arise with external parties or, alternatively, by way of cross-border intercompany transactions. Forward foreign exchange contracts are primarily used for these purposes. Given the nature of the Group's operations, these exposures are not significant.

Brambles mitigates translation exposures generally by raising debt in currencies where there are matching assets. During the 2011 financial year, Brambles increased its net investment hedge borrowings in euro from €50.5 million to €350.5 million to match the euro-denominated assets acquired with the IFCO acquisition. At the end of the financial year, the fair value of foreign exchange instruments was US\$1.2 million net gain (2010: US\$2.0 million net gain).

SIGNIFICANT RISKS & UNCERTAINTIES

The significant risks and uncertainties facing Brambles are described below. These are "net" risks, rated as the most significant for the Group as a whole after taking into account current mitigating actions. The strategies and processes applied for managing these risks are described in section 7 of the Corporate Governance Statement on pages 34 to 35.

- Business model - changing supply chain dynamics and customer needs could render CHEP's existing service offering and business model out of date. Current market issues that, in combination or separately, could support competitive service offerings include: differing segmental needs, attributes of wood versus alternative materials, use of track-and-trace technology, increasing fuel costs, changes in retailer behaviour and the embedded cost of asset losses in the current model. These issues could, over time, have an impact on revenue, cost base, economies of scale and the value of CHEP's existing assets.
- Competition and retention of major customers - Brambles operates in a competitive environment. Many of the markets in which Brambles operates are served by numerous competitors and are subject to the threat of new entrants. In addition, the concentration of distributors in certain areas could lead to shifts in market structure, bargaining position and intensity of competition. The above risks could have an impact on market penetration, revenue, profitability, economies of scale and the value of existing assets.
- Economic cycle - Brambles has operations spread across a diverse range of countries and territories. It is subject to risks related to global economic and business conditions. These may affect,

among other things, profitability, demand for Brambles' services and solvency of counterparties.

- Strategy and execution - Brambles is subject to the risk of not having effective strategies in place to guide the Group's performance and to drive sales and profit growth, enable innovation, safety improvements and improve customer and employee satisfaction. Further, it is subject to the risk of not being able to effectively execute against agreed strategies resulting in loss of market and investor confidence and reduced share performance.
- Innovation - Brambles is subject to the risk of not being able to optimise innovations in its services, products, processes and commercial solutions, including capturing the full value of any innovations that support its growth opportunities. This could have an impact on revenue, profitability, economies of scale and the value of existing assets.
- Equipment losses - Brambles is subject to the risk of a lack of control of CHEP equipment. This could impact financial performance and lead to a reduction in customer satisfaction.
- Equipment quality - satisfaction of CHEP customers may fluctuate with the customers' perceived views of equipment quality which, in turn, is influenced by the effectiveness of the quality standards that CHEP employs in its equipment pool. Brambles is subject to the risk that it may not optimise these standards, thereby adversely affecting customer satisfaction with the CHEP service offering and/or the operating and capital costs of the equipment pool.
- Market communication - Brambles is subject to risks relating to not effectively communicating to the market, which may lead to a loss of investor confidence in the business and its management and reduced share performance.
- Mergers and acquisitions - Brambles is subject to the risk of failing to successfully execute or integrate acquisitions. If the integration of newly acquired businesses is not effective, this could result in the failure to realise the anticipated benefits and synergies.
- People capability - Brambles is subject to the risk of not attracting, developing and retaining high-performing individuals. Furthermore, succession planning may not be managed effectively, so that talented individuals are able to be developed and promoted within the Group, rather than sourced externally. This could result in Brambles not having sufficient quality and quantity of people to meet its growth and business objectives.
- Systems and technology - Brambles relies on the continuing operation of its information technology and communications systems, including those in CHEP's global data centre. Interruption, compromise or failure of these systems could impair Brambles' ability to provide its services effectively. This could damage its reputation and, in turn, have an adverse effect on its ability to attract and retain customers.

SUSTAINABILITY REVIEW

Brambles believes it makes a positive contribution to sustainable business practices. It aims to integrate sustainability into the way it does business and the value proposition it offers to customers, employees and shareholders.

This Sustainability Review covers the year ended 30 June 2011 (Year).

The Sustainability Review covers: Brambles' CHEP and Recall sites; the direct purchase of services or other materials over which Brambles has operational control; and the purchase of all lumber. The Review does not include sites where Brambles does not have operational control. Information on companies acquired by Brambles during the Year (Unitpool, Container and Pooling Solutions (CAPS), JMI Aerospace and IFCO Systems) has not been included.

Details about the measurement techniques and methodologies used in this Review are either described in the Review or can be found on Brambles' website, www.brambles.com.

Brambles has not sought external assurance for the non-financial content and indicators in this Review, or supplementary information published in the Sustainability section on www.brambles.com. In FY12, Brambles will be implementing an annual assurance process, which will be conducted by an independent third party.

During the Year, Brambles restructured its Sustainability Committee, which is a management committee. The Sustainability Committee's Charter was reviewed and updated, in order to clarify the Sustainability Committee's objectives, duties and responsibilities. Details of the Sustainability Committee's membership and its updated Charter are available on www.brambles.com.

Brambles also undertook the following sustainability governance activities:

- Reintegration of sustainability information into the Annual Report. This is aligned with Brambles' intention to integrate sustainability into Brambles' business strategy. For the last two years, Brambles published a separate sustainability report online. The FY09 and FY10 sustainability reports are available on www.brambles.com;
- Development of a key sustainability topics matrix (see pages 15 to 16);
- Review of Brambles' sustainability strategy;
- Update of the "Roadmap: Five Year Plan" (set out below) following a sustainability strategy review;
- Review of sustainability targets;
- Update of Brambles' Environmental Policy; and
- Adoption of a new Diversity Policy.

BRAMBLES' SUSTAINABILITY STRATEGY

In 2010, Brambles announced its sustainability strategy and outlined its strategic objectives and initiatives with a five year plan to 2015. During the Year, two amendments were made to these objectives and initiatives.

The first was to add "customer" as an area of focus. This now sits with the environment, people and community strategies. The customer strategy is outlined below.

Customer — all things begin with the customer

Brambles' first shared value is "all things begin with the customer". Customers are showing a growing interest in understanding and tracking the environmental and social impacts of their supply chain. Brambles has an excellent opportunity to improve and demonstrate the environmental benefits of its business models, by using information acquired through its unique position in the supply chain.

Brambles will:

- work closely with customers looking to improve the sustainability of their supply chains and develop innovative service offerings that meet their needs;
- engage with relevant industry forums and customer advisory panels, to learn and contribute towards sustainability improvements in supply chains; and
- commit to measure and continually improve the environmental benefits of Brambles product and service offerings to customers.

The second amendment was to the community strategy. As part of its commitment to the communities in which it operates, Brambles will be "working in partnership with its suppliers to support and strengthen ethical and sustainable practices throughout the community". This commitment will be supported by the development and implementation of a Supplier Policy (see community targets on page 15).

The strategy can be viewed in full on www.brambles.com.

ROADMAP: FIVE YEAR PLAN

Below are the targets Brambles has set for the five year period to 2015 and commentary on progress during the Year.

Customer — all things begin with the customer

Measure	Target	Commentary
Customer loyalty	Introduce Net Promoter Score (NPS) methodology into every country in which we operate	New target set in the Year. A description of NPS is located on page 16.
	Once baseline is established, achieve year-on-year improvements in NPS	New target set in the Year. All baselines should be in place by 2012.
Customer engagement	Active and increased participation in relevant industry forums and customer advisory panels	New qualitative target set in the Year. Ongoing in all countries.

Environment – working towards Zero Harm by reducing Brambles' environmental footprint

Measure	Target	Commentary
Lumber sourcing	Chain of custody certification for CHEP lumber pallets by 2015	During the Year, CHEP Europe obtained Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) accreditation for 100% of the lumber used in repair activities and 96% of lumber in new pallets (see page 17). Preliminary work is underway in the other CHEP regions.
Greenhouse gas emissions	20% reduction on 2010 emission levels by 2015 ¹	All participating countries are developing and initiating greenhouse gas reduction strategies. Brambles expects emission reductions to be realised in line with its target.
Lumber waste	Zero CHEP lumber waste to landfill by 2015	All CHEP regions have processes in place and are gathering data (see pages 19 to 20).
Solid waste	Year-on-year improvements in service centre recycling rates	Data collection processes are now in place (see page 19).
Water management	Targets to be established once IFCO is integrated into the Brambles Group	IFCO's reusable plastic crate (RPC) operations are the largest consumer of water in the Group. Data collection processes are now in place in the other business units.

People – engaging our people and making sure they are safe

Measure	Target	Commentary
Zero Harm	25% reduction in BIFR on 2010 levels by 2015	The Group's performance in the Year improved by 31.5%, meeting its target. A new target will be set in FY12, incorporating IFCO.
Brambles Employee Survey (BES)	Participation rate at minimum of 90% in all businesses by 2015	The Group's participation rate was 90% for the Year. A new target will be set in FY12, incorporating IFCO.
BES overall engagement score	Target to be set once IFCO is integrated into the Group	IFCO employees comprise 22% of the Group. Target to be set in FY12.
Education, Training and Development (ETD)	25% increase in ETD days on 2011 participation levels by 2015	Baseline set. Brambles' business units reported a total of 11,454 training days in the Year.

Community – making a positive contribution to the communities we operate in

Measure	Target	Commentary
Supplier Policy	Develop and introduce a global policy by the end of FY12	New target set during the Year.
Introduction of "volunteer" time for employees	At least one volunteer hour per employee during working hours across the Brambles Group by 2015	During the Year, Brambles recorded 0.35 volunteer hours per employee.
Introduction of "give as you earn" policies across the Group	All businesses where legislation allows it by 2015	Roll out of policy to commence in 2013.

KEY SUSTAINABILITY TOPICS IN THE YEAR

During the Year, Brambles conducted its first formal analysis of sustainability topics it considers important to its stakeholders so as to focus its reporting. Brambles engaged a third party provider to conduct a desktop analysis, interview employees representing different business units throughout the Group and review internal material. AccountAbility Principles Standards AA1000 was used as a guide and a detailed report was produced, defining all sustainability topics relevant to the Group. These topics were reviewed, with 18 key topics identified and grouped into areas of focus according to Brambles' sustainability strategy and then ranked using methodologies consistent with Brambles' risk and governance methodologies.

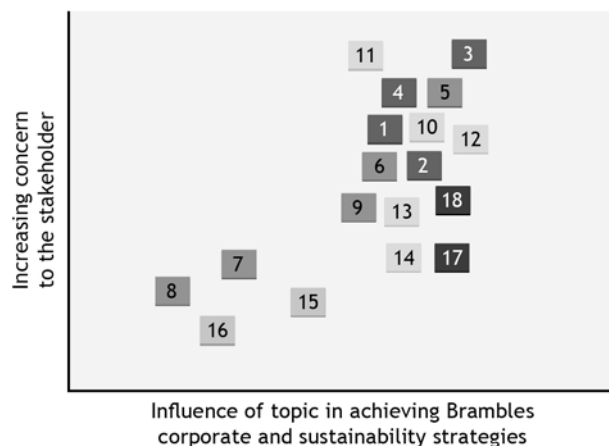
The key sustainability topics matrix is not intended to be a risk matrix (in which risks would be ranked by likelihood of occurrence and by consequence to Brambles).

¹ Based on existing businesses, new acquisitions not to be included, excluding emerging and developing economies (according to the IMF, this would include Argentina, Botswana, Brazil, Chile, China, Guatemala, Hungary, India, Indonesia, Malaysia, Mexico, Namibia, Poland, Saudi Arabia, Swaziland, Thailand, Turkey, United Arab Emirates, Zimbabwe). Target based on internally projected growth assumptions for the period.

SUSTAINABILITY REVIEW - CONTINUED

Going forward, key sustainability topics will be reviewed on an annual basis and, over time, more closely integrated into Brambles' stakeholder engagement processes. The key topics will assist Brambles in identifying and prioritising sustainability activities through the representative eyes of its stakeholders.

For the Year, the key sustainability topics were:



CUSTOMER

- 1 Customer satisfaction
- 2 Customer solutions
- 3 Product and service quality and safety
- 4 Customer privacy

ENVIRONMENT

- 5 Sustainable lumber sourcing
- 6 Emissions and energy
- 7 Waste management
- 8 Water
- 9 Transport impacts

PEOPLE

- 10 Employee engagement
- 11 Safety and wellbeing
- 12 Attracting and retaining talent: leadership
- 13 Diversity and inclusion
- 14 Training and development

COMMUNITY

- 15 Supplier sustainability
- 16 Community investment

GOVERNANCE

- 17 Governance
- 18 Mergers and acquisitions

CUSTOMER

CUSTOMER SATISFACTION

One of Brambles' shared values is that all things begin with the customer. Brambles' business units are focused on improving levels of customer satisfaction and making sure that their products and services and the quality of relationships with their customers are a source of competitive advantage.

Brambles is committed to continuously improving the customer experience with its products, services and people. In order to meet

that commitment and best direct improvements, Brambles introduced a significant change in its survey methodology in 2010.

Net Promoter is a multi dimensional program that includes Net Promoter Score (NPS) measurement, leadership practices that promote customer centricity, organisational strategies to ensure program adoption, integration with core business processes and operational systems geared to identify improvements in the customer experience.

Detailed questionnaires generate data about customers' views on processes and performance. This data is distilled into a single usable indicator, known as the NPS. The NPS measures the relative weight of people who use and recommend a company's services or products to others, compared to those who are unhappy. A target of year-on-year improvements in NPS has been set in the Year.

The global roll-out of relationship surveys for CHEP began in April 2011, and to date, feedback from 3,000 individual contacts representing almost 500 companies has been collected.

The program is providing Brambles an excellent snapshot of customers' thoughts and the opportunity to respond quickly to operational issues. For example, customers consider CHEP employees knowledgeable and available when support is needed. CHEP is seen to have systems that make it easy for customers to interact with and its global presence is noted.

CHEP is looking at ways to satisfy its customers' desire for CHEP to expand existing relationships into long term partnerships that will enable reductions in supply chain costs and value creation in their businesses.

CHEP's effort and investment in product quality is also being acknowledged; more than 50% of respondents said pallet quality improved in the Year.

CUSTOMER SOLUTIONS

By listening to customers and responding with innovative solutions, Brambles' customers of today will be its customers of tomorrow. Brambles believes that its business models make a positive contribution to sustainable business practices and it aims to integrate sustainability into the way it does business and the value proposition it offers.

During the Year, the CHEP USA team developed a number of customer focused activities in response to customer feedback from its Net Promoter program. This included the total account management service, where a dedicated CHEP manager is based on a customer's site to handle administration and asset control, provide customised reporting and identify ways to reduce supply chain costs. The program allows CHEP to understand customers' needs and what is required to deliver improvements.

CHEP USA and CHEP EMEA have also created value solutions teams. The teams present industry best practices and processes on issues that matter most to a customer and then work in partnership with the customer to develop solutions based on Lean and Six Sigma methodologies, that deliver lower financial and environmental costs across the supply chain.

CHEP's Innovation Centre in Orlando, Florida is a world-class product testing and engineering facility. From packaging and unit load design to simulated supply chain testing, CHEP collaborates with customers around the globe, conducts packaging tests for customers and tests new products and technologies at the Innovation Centre. CHEP's engineers and other supply chain solutions specialists are available to help customers improve the performance of their packaging and palletised unit loads to minimise product damage. This is one way that CHEP adds value and drives innovation and savings for the customer. There is no charge for these services; CHEP considers it part of being a good supply chain partner.

In February 2011, CHEP launched the world's first testing facility to simulate the pallet life cycle. What used to take over a year with field trials can now be achieved with much more reliable data in

just four to eight weeks. This test track facility will allow CHEP to test innovations quickly and bring new platforms to the market faster and at lower cost.

Recall continuously develops document management processes and develops and improves software.

Further details about Brambles' innovation, research and development activities during the Year are set out in the Directors' Report – Other Information on page 58.

PRODUCT & SERVICE QUALITY & SAFETY

Brambles is committed to achieving Zero Harm and considers the health, safety and environment impacts in all its decisions: from the development of projects to the launch of new products and services. Brambles is committed to continuously improving the quality of its products and services.

Safety management systems operate at every CHEP service centre around the world. In addition, CHEP's Innovation Centre assesses health and safety impacts of each product in development.

CHEP has a Global Quality Council that drives process control standards across the regions to improve pallet quality standards with the focus on improving customer satisfaction and internal processes. This includes consistent audit procedures that encompass all aspects of the inspection and repair process and the application of Lean and Six Sigma methodologies. The Council also identifies best practices and sees that they are shared across the Group so that customers worldwide can benefit from improvements in product quality. For example, for the Year, CHEP Europe reported that product quality rejections improved 38% compared to FY10. CHEP USA improved 29% compared to FY10.

Recall assists customers in the safe management of their document storage requirements by clearly labelling its cartons with suggested weight restrictions and correct handling techniques, specific to the size of the carton (which varies from region to region) so that neither customers nor employees put themselves at risk from strain or injury of lifting heavy loads. Recall has stringent processes for employees managing inbound cartons (for example, correct manual handling techniques) to ensure adequate risk management.

Neither CHEP nor Recall is able to fully assess the safety risk of customers using products on their own sites, due to the many variables involved. However, CHEP and Recall actively engage with customers and other organisations within the regions in which they operate, promoting health and safety impacts and responsible packaging solutions.

Total pallet management programs on customer premises are run to CHEP Zero Harm standards.

CHEP's Innovation Centre is a certified testing laboratory of the International Safe Transit Association (ISTA) and is capable of performing test methods included in ISTA's rigorous global packaging standards.

CUSTOMER PRIVACY

Recall establishes and adheres to stringent measures of physical and operational security to protect customers' information. It is committed to securely housing, retrieving and delivering customers information when it is required.

Recall operates global standards in relation to the security, access and protection of the information it manages for customers. These standards are detailed on www.brambles.com. All Recall sites are regularly measured and assessed for compliance with the standards.

An internal measurement system records any incident where there is a possibility that a customer's information has gone outside of Recall's control, known as security breach or security incident reporting. Any report of this nature is provided to the region's President within one day, who then passes it on to the Group President and Chief Operating Officer of Recall. Breaches and incidents are further reviewed at global leadership meetings so that potential system errors can be rectified.

ENVIRONMENT

SUSTAINABLE LUMBER SOURCING

Brambles is committed to achieving Zero Harm and considers environmental impacts in all decisions, including the sourcing of lumber. CHEP has strict lumber sourcing policies and has a target of achieving chain of custody certification for CHEP lumber pallets by 2015, which will provide further assurance of responsible and sustainable practices.

Volume of lumber (m³) for the Year

	2011
CHEP Americas	756,626
CHEP EMEA	833,787
CHEP Asia-Pacific	171,779
Total	1,762,192

Brambles' sustainability strategy specifically addresses responsible management of forest resources for Brambles, its suppliers, customers and the wider community (for example, the objective of having products constructed from certified sustainable resources and controlled by systems and practices approved by external auditors). Brambles engages with its suppliers to assess whether their practices are in line with Brambles' environmental principles and acts accordingly (for example, to help them meet high standards).

CHEP maintains strict lumber sourcing policies that support the replenishment of natural resources by sourcing lumber in a responsible and sustainable manner, with a preference for plantations and state-managed forests with recognised forest certifications. CHEP does not source from protected areas, parks, or similar areas where harvesting operations are not complementary to responsible forestry management.

In the Year, CHEP Europe achieved Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC) chain of custody certification for 100% of its lumber used in pallet repair activity and 96% of lumber used in new pallets, providing assurance that the lumber used originates from sustainable sources. CHEP Europe is also working to implement a traceability system for 100% of procured lumber during FY12, so every piece of lumber can be traced to its origin of supply.

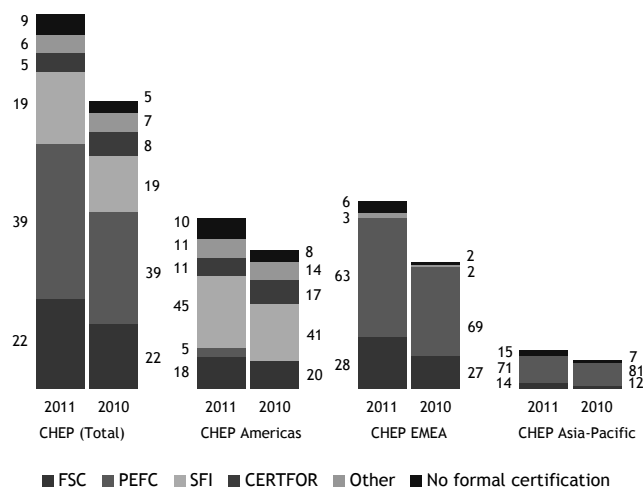
In FY10, CHEP achieved FSC accreditation for its wholly owned tree plantations in South Africa.

During the Year, 91% of CHEP's lumber was sourced from forests that had obtained third party certification. This was down from 95% on the previous year. Reasons for this include:

- CHEP South Africa reported that a number of third party growers that did have formal certification have allowed this to lapse, due to cost pressures (all lumber comes from government permitted plantations); and
- Over the past couple of years, CHEP USA has increased its sourcing of lumber from domestic suppliers. While sourcing this higher quality lumber at favourable prices supports the local economy and reduces the environmental footprint with regards to transport costs and emissions, many smaller sawmills find the cost and labour required to secure third party certification prohibitive. CHEP USA continues to work with its domestic supplier base and supports reputable smaller businesses which meet its strict criteria for the responsible and sustainable management of forest resources.

SUSTAINABILITY REVIEW - CONTINUED

Lumber volume by forest source certification and business unit (%)



CHEP uses 58 species of tree in its lumber supply as per the IUCN Red List². None of these species are defined as “endangered”, “critically endangered”, “extinct in the wild”, or “extinct”. Of the 58 species sourced, 55 are classified as “least concern”, two as “near threatened” and one as “vulnerable”.

The possible inclusion of Longleaf Pine (classified as “vulnerable”) in CHEP USA’s lumber supply was identified in 2009, and the possible inclusion of Virginia Pine and Sand Pine (both classified as “near threatened”) were identified in 2010. The exact sub-specie of pine being supplied is not always disclosed by USA lumber suppliers. No additional issues were identified in FY11.

CHEP USA is committed to working closely with its suppliers and continues current supply chain auditing practices to better understand and minimise the potential use of Longleaf Pine, Virginia Pine and Sand Pine.

In Malaysia, CHEP is endeavouring to have its suppliers source 100% of its lumber from permanent reserve forests that can be certified, as the future of these forests is assured. When CHEP Asia-Pacific implements chain of custody systems and processes it will seek a Malaysian Timber Certification Council audit of those systems and practices to provide further assurance regarding use of forest resources.

EMISSIONS & ENERGY

Brambles is committed to achieving Zero Harm. It considers the environment in all decisions concerning the development of projects, the selection of commercial partners and suppliers and the launch of new products and services. Brambles is committed to using resources more efficiently and encouraging the sustainable use of its products and services.

Brambles recorded a decline in Scope 1 and Scope 2 greenhouse gas (GHG) emissions and energy use for the year.³

As reported last year, Brambles’ internal audit function reviewed the 2010 GHG collection process and submitted a report, with recommendations on how the process can be further improved, to Brambles’ Audit Committee. A number of these recommendations were implemented in during the Year and have resulted in more accurate reporting, particularly in Recall.

² The IUCN Red List of Threatened Species™ is compiled by the International Union for Conservation Of Nature and Natural Resources.

³ Scope 1 emissions come from direct purchases of fuel, for company owned transport or heating. Scope 2 emissions are indirect purchases of energy, like electricity. Scope 3 emissions are generated by a third party, e.g. a transport company carrying a company’s freight.

	Kilotonnes (kt) of CO ₂ -e ⁴			Terajoules (TJ) of energy		
	2011	2010	%	2011	2010	%
Brambles HQ	0.12	0.11	9.1	0.49	0.45	8.8
CHEP	69.09	67.45	2.4	688.45	665.31	3.5
Recall	68.78	77.46	(11.2)	752.92	814.41	(7.6)
Total	137.99	145.02	(4.8)	1,441.86	1,480.17	(2.6)

CHEP’s overall CO₂-e emissions and energy consumption increased slightly during the Year, which can be attributed to a general increase in activity and the addition of new service centres.

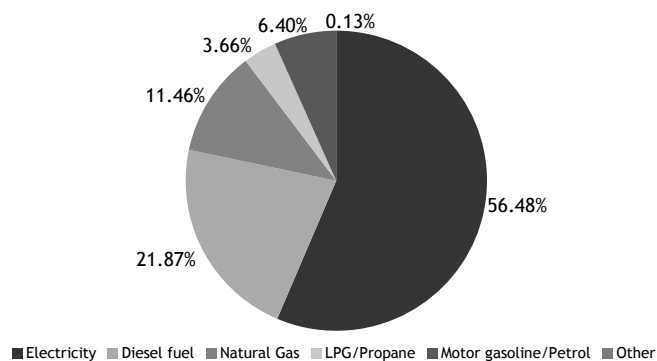
CHEP and Recall continually work to optimise networks and automate processes to improve plant capacity and make plants more energy efficient.

For example, as part of CHEP EMEA’s reduction plan, CHEP Spain has installed a biomass boiler in its Belpuig service centre, which is expected to cut the site’s emissions by 36%. At CHEP Canada’s Mississauga service centre, the replacement of sodium incandescent lights is expected to reduce the site’s electricity consumption by 30% per annum. More examples of emission and energy saving activities can be viewed in the sustainability section on www.brambles.com.

CHEP USA is focused on analysing and reducing its corporate environmental footprint through targeted energy saving projects. CHEP USA is an ENERGY STAR® partner and has made the commitment to track and reduce energy use in its buildings and facilities. Additionally, CHEP USA and LeanLogistics are both Environmental Protection Agency SmartWay partners in the USA. CHEP Europe has joined the SmartWay Europe Initiative to participate in the development of a standard recognised methodology for transport emissions measurement and reduction in Europe.

While Brambles has a relatively light GHG emissions footprint, with the recent acquisition of IFCO and the growing interest among customers to understand the costs of their supply chains, there is an opportunity to develop better and more accurate ways to measure emissions and energy (Scope 1, 2 and 3) that will demonstrate the environmental benefits of its product and service offerings³.

Brambles greenhouse gas generation by source in the Year (%)



⁴ Carbon dioxide equivalent (CO₂-e) is the universal unit of measurement to indicate the full global warming potential (GWP) of a particular greenhouse gas emission. It takes into account the GWP of each of the six Kyoto greenhouse gases, and expresses them in terms of the equivalent units of carbon dioxide. It is used for measuring and reporting different emissions sources on a common basis. At the corporate level, CO₂-e is typically reported in kilotonnes (kt).

During the Year, Brambles reviewed its operations to determine the main contributors to its Scope 3 emissions. These were determined to be:

- supplier emissions – for leased and outsourced sites and subcontracted transport carriers;
- purchased goods – harvesting of lumber purchased from suppliers and other purchased goods and services, such as paper and cardboard;
- capital goods – particularly CHEP pallets and containers;
- business travel – employee travel for business purposes; and
- employee commuting.

CHEP has an extensive network of service centres and outsources many to third party providers. This provides CHEP with a great deal of flexibility to adjust its network to meet changing customer needs or to reduce or optimise transport costs.

During the Year, CHEP EMEA implemented a system to capture the emissions from those third party activities undertaken by subcontracted service centres and transporters contracted to move CHEP equipment. This system allows CHEP to estimate a baseline, from which it can measure the impact of its collaborative transportation, route optimisation, network optimisation and total pallet management initiatives (see Transport Impacts on page 20).

As there is a growing interest among customers to understand the environmental benefits of using this network, all three CHEP regions will be developing a consistent, coordinated approach to capturing Scope 3 data.

Brambles is committed to developing a data collection system for its businesses whereby information from third party operators and other Scope 3 emission generators can be collected and assessed.

Compliance

In Australia, the National Greenhouse and Energy Reporting System (NGER) threshold for 2011 is 50 kilotonnes of CO₂-e, or 200 terajoules of energy. This Year, Brambles' CHEP and Recall operations in Australia will be required to report their emissions.

In the UK, the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme legislation came into force in April 2010. CHEP and Recall registered and submitted their footprint report to the UK Environment Agency in July 2011. From April 2012, participants in the scheme will be required to purchase allowances for the tonnes of CO₂-e they generate. While the amount that Brambles' businesses will pay will be relatively small, CHEP has invested in an environmental management system and started implementing strategies that will reduce energy consumption and emissions over the coming years.

WASTE MANAGEMENT

Brambles is committed to using resources more efficiently and minimising waste. CHEP's pallet pooling system operates on the principles of reduce, reuse and recycle. Brambles is committed to

continuously improving its performance to meet customers' and stakeholders' sustainability expectations.

During the Year, CHEP and Recall have established processes to collect data on waste streams and have committed to improving their recycling rates on an annual basis.

CHEP actively manages all waste streams related to pallet pooling activities including lumber, corrugate, steel and plastic. CHEP minimises the impact of its internal waste generation by ensuring that scrap pallets, containers and crates are recycled. When pallets are repaired, lumber that is in good condition is reused to repair other pallets. The remaining lumber is recycled for other uses such as fuel and mulch.

Lumber waste & recycling

Compared with disposable pallets, pallet pooling significantly reduces the use of lumber resources and waste.

Unlike CHEP's pallet pooling system, many other types of lumber pallets (without a clear system of ownership and accountability) end up in landfill. CHEP avoids this problem by maintaining ownership of its assets and enforcing a system of controls to ensure that its pallets are recovered and the materials are reused or recycled for other uses at the end of their useful lives.

CHEP USA and Europe have environmental calculators that enable customers to determine by how much they can reduce solid waste, GHG emissions and energy consumption by using the CHEP pallet pooling system instead of alternative shipping platforms (such as non-pooled lumber pallets and pooled plastic pallets).

CHEP reclaimed at least 74,000 cubic metres of lumber for use in the repair and manufacture of pallets. An additional 97,000 cubic metres was reused for a variety of purposes, including heating and woodchips. The collection of this data was recently initiated and relates to CHEP operated sites only, where available for the Year.

In line with its target of zero lumber waste to landfill by 2015, CHEP is implementing a number of programs around the globe. For example, in CHEP New Zealand, lumber reclaiming activities have been extended to both the North and South Islands. CHEP New Zealand also engaged a third party consultant to reduce waste, including lumber going to landfill. In the first three months, its waste going to landfill was reduced by 50%.

Other waste & recycling

Where possible, in office locations, segregation and recycling programs are in place for recyclable items such as paper, bottles, cans, newspapers, magazines and ink cartridges. CHEP complies with local and federal regulations pertaining to waste handling, recycling, storage and disposal.

General solid wastes (for example office/sanitation) are handled by local solid waste management or recycling facilities. Universal wastes and used oil (both generated in limited quantities) as well as cardboard, plastic and metals are generally reused or recycled where facilities are available.

Brambles' global GHG emissions during the Year

	Brambles HQ		Recall		CHEP		Total	
	kt CO ₂ -e	TJ	kt CO ₂ -e	TJ	kt CO ₂ -e	TJ	kt CO ₂ -e	TJ
Scope 1	-	-	33.90	-	26.16	-	60.06	-
	-	-	-	515.42	-	434.33	-	949.75
Scope 2	0.12	-	34.88	-	42.93	-	77.93	-
	-	0.49	-	237.50	-	254.12	-	492.11
Total	0.12	-	68.78	-	69.09	-	137.99	-
	-	0.49	-	752.92	-	688.45	-	1,441.86

SUSTAINABILITY REVIEW - CONTINUED

Waste paint is generally reused in the makeup of new paint. Where that is not possible, it is treated to render it solid, but is then directed to landfill as the better of current disposal options.

During the Year, Recall collected, shredded and sent for recycling more than 180,000 tonnes of paper.

Recall assists its customers in managing their physical and digital documents throughout their life cycle, from creation to secure destruction. Recall believes that it benefits the environment by assisting customers to reduce material usage by providing space- and paper-efficient document archival and retrieval solutions.

All the material used in the production of Recall's cartons is recyclable. Those cartons are supplied on CHEP pallets, as opposed to one way whitewood pallets.

During the Year, Brambles began collecting data on solid waste streams and has committed to improving its recycling rates on an annual basis.

Brambles had no significant spills during the Year.

WATER

Brambles is committed to using resources more efficiently and minimising waste. Brambles is committed to continuously improving its performance to meet customers' and stakeholders' sustainability expectations.

Brambles recognises that water is a precious resource and in many areas of its operations water supply is crucial for the environment and the community. Brambles believes it has a responsibility to use water wisely. For this reason, during the Year, Brambles' business units established processes to collect data on water usage and waste.

IFCO, which operates a pool of more than 120 million reusable plastic crates (RPCs), is the largest user of water in the Group. Brambles will set water targets in consultation with IFCO once it has been integrated into the Group.

CHEP also uses water in operations with designated wash facilities or service centres that condition RPCs. Many of these sites recycle and reuse water. CHEP Europe uses washers with a facility to filter and reuse water during the wash process. CHEP Australia uses water recycling at several of its plants.

Water discharges from CHEP and Recall facilities are equivalent to sanitary wastewater and are not considered material.

TRANSPORT IMPACTS

Brambles is working to reduce its environmental footprint by using its logistics know-how to minimise the footprint of its customers and the supply chain.

Network optimisation reduces transport distances and associated emissions. CHEP's total pallet management (TPM) program offered to major manufacturers and retailers allows CHEP to manage all of a customer's pallet needs onsite and supply CHEP pallets without the need for additional transport. Customers' use of the TPM program helps optimise the network and also reduces the energy requirements associated with the pallet pool.

Network optimisation focuses on the number and location of service centres based on sourcing requirements and locations, location of manufacturers, transport costs and plant capacity. For instance, CHEP Europe employs a central planning team to address these issues across the whole of Europe.

In the USA, CHEP's GreenLanes™ program helps customers increase productivity and eliminate unnecessary empty return truck trips, by working with third party transport companies to fill empty space on a customer's truck, or that of a transportation provider.

CHEP USA has collaborated with customers on more than 6,600 individual movements, resulting in the elimination of an estimated 1.29 million kilometres of transportation and production of 1.34 million kilograms of CO₂-e emissions.

CHEP Europe continued the roll-out of its transportation collaboration program and now has more than 20 customers participating. The program allows participants to benefit from logistics synergies by reducing empty miles, increasing shared transportation or moving to using different transport solutions such as rail and road. During the Year, savings of US\$1.7 million were reported, along with reductions in distances travelled and CO₂-e emissions.

In Australia, CHEP recently obtained accreditation to stack up to 20 pallets high on a truck, instead of 16 to 18, which is the industry norm. This saves customers an estimated 7-12% on CO₂-e emissions per trip. This also reduces the number of vehicle trips and cuts down on loading time and risk.

Recall is also optimising its transport operations to deliver the most efficient, error-free solution to customers. This results in a reduced number of vehicle trips and error correction which require further energy expenditure. Additionally, Recall works to identify opportunities to transmit data digitally to customer sites, for example, the image of a single page rather than the entire carton physically transported. This delivers the same net result to the customer at a lower overall carbon expenditure.

PEOPLE

Employees by business unit⁵

Business unit	Employees
CHEP Americas	2,182
CHEP EMEA	4,175
CHEP Asia-Pacific	1,625
IFCO ⁶	3,806
Recall	5,238
Brambles HQ	108
Total	17,134

EMPLOYEE ENGAGEMENT

Brambles recognises that people are its most important asset and is committed to providing a safe, rewarding and challenging environment for its employees. Ensuring its employees are engaged means listening to employee feedback and treating employees with integrity and respect.

Employee engagement is monitored through the Brambles Employee Survey (BES). This is extended to all employees and is confidential. It surveys employees' perceptions of their workplace. The data is used to track progress from previous surveys, to measure Brambles against internal and external best practice and to identify key actions for improvement.

Over the past couple of years Brambles employees have demonstrated their willingness to provide feedback and suggest where Brambles can improve. Participation rates in the BES surveys are world class. For the latest survey the overall participation rate increased to 90%, up from 89% on the previous survey.

Overall, employee engagement increased one percentage point from 63% to 64%⁷. Employees' understanding of business direction and confidence in leadership and the future of the Group have strengthened.

⁵ Employee numbers are 12 month averages for the Year.

⁶ As indicated on page 14, this section does not include information on IFCO personnel.

⁷ Engagement is a combination of perceptions that positively impact behaviour. These perceptions include satisfaction, pride, loyalty and a willingness to be an advocate for the organisation; engagement results are an average of these four items and measure to what extent employees agree or disagree with the statement. Those employees who agree or strongly agree are the most engaged.

As IFCO employees now comprise 22% of the Group, Brambles will reset its targets for employee engagement in FY12 once IFCO is integrated into the Group.

SAFETY & WELLBEING

Brambles' Zero Harm Charter states that everyone has the right to be safe at work and to return home to their family and friends as healthy as when they started the day. Each and every person is expected to work safely and Brambles seeks to apply best occupational health, safety and environment practice for employees, contractors, customers and local communities.

Details on Brambles' Health and Safety Policy and the Zero Harm Charter are in the Directors' Report – Other Information on page 58. In 2010, Brambles rolled out a new scorecard that replaced the lost time injury frequency rate (LTIFR) and the lost time injury severity rate (LTISR) measurements. The scorecard includes Brambles Injury Frequency Rate (BIFR) and takes a much more comprehensive view of safety. BIFR records fatalities and three types of injury, each at a rate of injury per million hours worked:

- Loss of a full work shift due to injury;
- Modified duties following an injury; and
- Incidents that require medical treatment.

Brambles injury frequency rate

Introduced in 2007 within the CHEP businesses, BIFR is now the primary measure of safety performance across the Group. While Recall began to use BIFR as a measure during the Year, it has been collecting BIFR data for a number of years.

Since 2009, the BIFR has been improving, reflecting Brambles efforts to improve workplace safety and health. In FY10, the combined performance of the three CHEP business units was a BIFR of 21.9 events per million hours worked.

In the Year, the Group (including Recall) achieved a BIFR of 15.0 events per million hours worked. All business units met or exceeded their injury reduction targets. The reduction of 31.5% exceeded the BIFR reduction target set at the beginning of the Year of 25% on 2010 levels by 2015. A new target will be set in FY12 once IFCO is integrated into the Group.

Overall the level and severity of injury sustained across the business units has reduced significantly. This is particularly true in Recall, where rates of injury fell by 40%.

This performance can be attributed to the renewed Zero Harm strategy developed in 2010. The strategy, internal structures and performance measurement processes are aimed specifically at the BIFR to create breakthrough performance by addressing the underlying cause of injury.

During the Year, Brambles began a wellbeing program to help employees and their families proactively seek out healthy activities and lifestyles. More information on the program can be found on www.brambles.com.

ATTRACTING & RETAINING TALENT: LEADERSHIP

Brambles is committed to providing a safe, rewarding and challenging environment to help employees reach their potential.

Brambles operates a competency framework which allows employees to understand the skills and competencies required to do their job, and which ones need to be developed for career progression.

This framework is at the core of Brambles' performance appraisal systems. Every employee has an annual appraisal with their manager.

Career progression is an important part of Brambles' employment offering and executive development activities span the organisation. Brambles recruits from many of the best business schools for high potential executives and provides intensive development opportunities to fast track these individuals.

Brambles holds a number of development centres each year to identify junior and middle managers who have the potential to move to higher levels of the organisation. In the Year, 50 executives went through these centres with a number promoted since their participation.

Brambles is a member of the CEDEP consortium. CEDEP is the European centre for executive leadership development, based on the campus of the prestigious INSEAD business school in Fontainebleau, France.

Investment in leadership development is a priority for Brambles, with 196 senior and high potential leaders attending various programmes at CEDEP during the Year. Brambles has also established partnerships with business schools in Shanghai (CEIBS) and Singapore (INSEAD). This allows Brambles to widen its search for management talent through its rotational MBA program, Brambles Leadership Pathways.

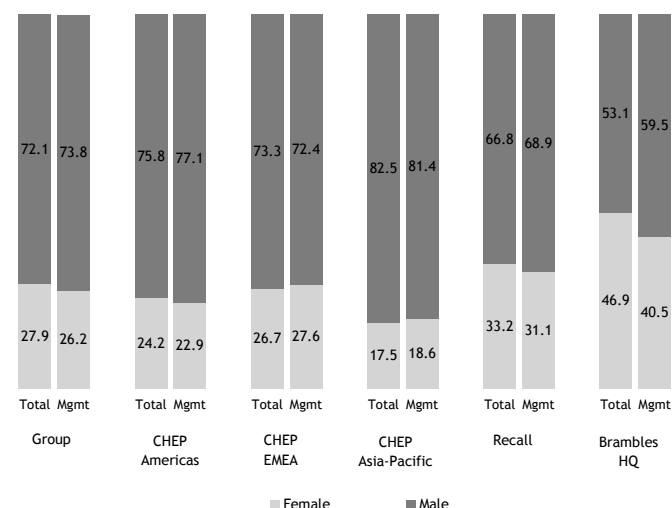
The three year program is pitched to high achieving MBA/MSc business school graduates. Participants in the program receive ongoing career support and mentoring over a three year period. They have at least two roles (rotations) in different functional areas within the Brambles Group.

DIVERSITY & INCLUSION

Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional capability and qualifications, irrespective of gender and other diversity factors. Brambles selects, retains and develops the best people for the job on the basis of merit and job related competencies – without discrimination.

During the Year, the Board adopted a diversity policy that deals with diversity across a range of measures. This policy is available on www.brambles.com. Details of the policy are shown in section 3.2 of the Corporate Governance Statement on page 31.

Permanent employees by gender (total and management) as at 30 June 2011 (%)



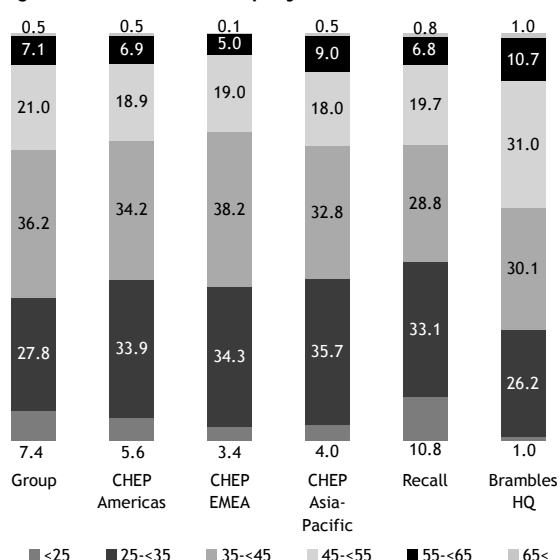
The Group's Remuneration Policy is to pay at the median level of remuneration for target capability and performance (further details on the Remuneration Policy and structure can be found on pages 40 to 42). Brambles rewards performance on the basis of merit and job related competencies without discrimination. As required by the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (Principle 8), the Remuneration Committee now has responsibility for reviewing and making recommendations to the Board on remuneration by gender. Brambles expects that its target of increasing the number of female employees in management will reduce the disparity in male:female salary ratios at the management level.

SUSTAINABILITY REVIEW - CONTINUED

Male:female salary ratios

	Male	Female
Group	1.09	1.00
Non-management	0.95	1.00
Management	1.16	1.00

Age distribution of employees as at 30 June 2011 (%)



Brambles is committed to supporting employees throughout their working life and to tracking and reporting parental leave data⁸.

	Group employees taking parental leave during the Year (%)	Group employees returning to work after parental leave during the Year (%)
Group	1.95	1.70
Male	0.96	1.11
Female	4.50	3.22

For the Year, voluntary turnover of employees for the Group was 14.81%.

	Voluntary turnover (%)
Group	14.81
CHEP Americas	16.15
CHEP EMEA	8.29
CHEP Asia-Pacific	20.23
Recall	17.16
Brambles HQ	2.04

TRAINING & DEVELOPMENT

Brambles is committed to providing a safe, rewarding and challenging environment for its employees. To meet ongoing and future needs, Brambles is committed to developing the skills of its people.

⁸ 83.1% of Group employees as at 30 June 2011 were entitled to parental leave.

Training days for the Year

	Per employee	Per male employee	Per female employee	Per non-mgt employee	Per mgt employee	Number of e-learning courses completed
Group	0.86	0.78	1.04	0.77	1.30	5,573
CHEP Americas	1.32	1.12	1.95	0.90	1.98	1,360
CHEP EMEA	0.70	0.51	1.19	0.63	0.97	468
CHEP Asia-Pacific	1.01	1.04	0.91	1.30	0.79	1,942
Recall	0.75	0.75	0.71	0.70	1.25	1,794

One of the areas of focus for Brambles' sustainability strategy is its people and the education, training and development opportunities available to them. Brambles is committed to ensuring that all its people are fully trained and equipped to do their job.

Brambles has set a target of a 25% increase on participation levels for the Year in education, training and development days by 2015.

A large number of training courses are available to employees through a proprietary web based system, which enables Brambles to monitor the number of training days and their effectiveness.

COMMUNITY

SUPPLIER SUSTAINABILITY

Brambles expects its suppliers' practices to be in line with its principles. Brambles is committed to driving efficiency and environmental sustainability in the supply chains its businesses serve.

Brambles has robust management systems for maintaining relationships with suppliers. Responsibility for managing relationships with suppliers resides with the Group Presidents of each Brambles' operating business. Brambles' policy is incorporated in the Code of Conduct and the business units' expectations are communicated clearly to suppliers. For example, CHEP Europe purchasing contracts refer to the Code of Conduct and the Code of Conduct is passed on to suppliers. The majority of CHEP Europe purchases are under such contracts. Elements of the Code of Conduct are also included in material purchasing contracts with suppliers in CHEP Asia-Pacific. CHEP Americas' contracts for service providers in its plant network specify compliance with relevant local requirements governing labour, health, safety and environment.

Brambles monitors relationships with suppliers. Brambles is committed to assessing supplier environmental and social standards. Major suppliers in sectors with a high environmental impact are required to provide evidence of their systems for ensuring good environmental performance.

Brambles recognises that its business units need to collaborate closely with their third party operators and suppliers to meet customers' growing interest in understanding their environmental impact and in turn to demonstrate the benefits of using Brambles' products and services.

CHEP Americas and CHEP EMEA have joined the international Supplier Ethical Data Exchange (Sedex). Sedex connects businesses and their suppliers in the sharing of data to measure and improve ethical and responsible business practices.

By working in partnership with suppliers, Brambles' business units will be able to gather credible and consistent quality data and develop better, more sustainable and mutually beneficial outcomes. In FY12 Brambles will develop a supplier policy that draws on best practice across the business units.

Brambles' Zero Harm Council is evaluating appropriate actions to assess whether providers are focusing on safety. During the Year, the Zero Harm Council assessed the most appropriate methodology to apply and how the information could be collected and evaluated. An evaluation tool, broadly based on OSHAS 18000 methodology which follows established safety management designs, has been re-engineered following tests at sites in Europe and the USA. Testing and evaluation will continue throughout FY12.

COMMUNITY INVESTMENT

One of Brambles' shared values is to always act with integrity and respect for the community and the environment. Brambles' business units are part of the communities in which they operate. The business units recognise their responsibility in making a positive contribution to these communities in the areas of environment sustainability and education.

Brambles provides financial and other forms of support to a broad range of charitable and community organisations around the world.

This support is provided in four ways:

- contributions by Brambles' businesses to a range of local and national charities;
- personal contributions by Brambles employees around the world to a range of fundraising events and activities;
- a volunteering policy that provides Brambles' employees with three days of paid volunteer leave per year; and
- monetary donations provided by Brambles' business units to support employee volunteer efforts.

During the Year, Brambles HQ provided almost A\$500,000 in donations and sponsorship. This includes donations to the Red Cross disaster appeals for the Queensland floods in Australia (A\$200,000) and the Japanese earthquake and tsunami (A\$50,000). Brambles also donated A\$100,000 to the Salvation Army's Christchurch Earthquake Appeal. In addition, Brambles' business units donated more than A\$500,000 to local and regional charities and causes.

From time to time, CHEP provides pallets and containers free of charge to transport emergency supplies for relief efforts in times of disaster. During the Year, CHEP Australia provided pallets to Foodbank Australia, for use in the distribution of food and grocery industry donations to people affected by the devastating floods in south-east Queensland, Australia, while CHEP New Zealand provided pallets and intermediate bulk containers to the Christchurch earthquake relief efforts. In Latin America, CHEP donates used office furniture and equipment, computers and printers to various charities.

Recall's Secure Destruction Services sites hold "shredder days", where members of the local community can deposit sensitive documents, such as bank statements, medical records or other personal documents, knowing Recall will securely destroy them. During the Year, shredding events were held in operations in the United States and Australia.

Brambles recently implemented an employee volunteering policy, which provides employees with three days of paid volunteer leave per year during usual contracted hours to provide volunteer services to community-based not-for-profit, educational, or environmental organisations. In the Year, the policy was formally rolled out across the Group and 533 employees volunteered a combined total of 4,618 hours.

To support the volunteering policy, CHEP Australia launched its "Helping Hand" program in March 2011. Employees that have a direct or ongoing active interest in an activity or cause that benefits the broader community have the opportunity to apply for funding. Each year, CHEP Australia will provide a total of A\$50,000 through the program.

GOVERNANCE

Brambles is conscious that it must have the right risk and governance foundations and appropriate structures in place to manage all impacts responsibly. Its sustainability strategy recognises that sustainability must be embedded into its corporate risk management framework. Brambles uses corporate governance practices and processes to oversee its performance, including its sustainability performance.

The Chief Executive Officer, who is also a member of the Board, has operational responsibility for sustainability issues. The Board receives updates on sustainability issues, including information on operational activities, objectives and external feedback on Brambles' performance.

Sustainability is overseen by the Sustainability Committee, which is a management committee. Details of the Sustainability Committee members and its Charter are available on www.brambles.com. The Sustainability Committee meets at least three times a year.

Brambles' Executive Leadership Team (ELT) has oversight of sustainability policies and is responsible for implementing sustainability policies across the organisation. Further details on the Board and ELT are located on pages 24 to 26 and in section 1.1 of the Corporate Governance Statement on page 27.

Brambles' Code of Conduct provides an ethical and legal framework for all employees in the conduct of Brambles' business. The Code of Conduct defines how Brambles relates to its shareholders, employees, customers, suppliers and the community. Brambles implements its Code of Conduct through a variety of training and induction programs. It is regularly reviewed by the Board and updated as necessary. Further details on the Code of Conduct are in section 3.1 of the Corporate Governance Statement on pages 30 to 31. A copy of the Code of Conduct is available on www.brambles.com.

Senior managers are asked to either sign off on compliance with the Code of Conduct every six months, or to identify any exceptions. The sign-offs may be subject to audit testing by Internal Audit.

MERGERS AND ACQUISITIONS

Brambles' mission is to create superior shareholder value through its people and their enterprising spirit. Brambles will work with the businesses it acquires to identify and adopt the better practice. Brambles will see that these practices are shared across the Group and adopted in a considered and consistent manner.

Brambles has increased its emphasis on innovation and has a number of areas of strategic focus to pursue opportunities that target sustainable profitable growth for stakeholders. Details on Brambles' growth strategy are on page 3.

When assessing potential acquisitions and mergers, Brambles undertakes a due diligence process that includes the identification of material risks, including risks related to sustainability.

In the Year, Brambles made a number of small acquisitions (Unitpool, CAPS and JMI) and one large acquisition (IFCO).

Brambles acquired IFCO on 31 March 2011 and appointed an integration team of Brambles and IFCO executives to identify synergies that exist between the businesses and facilitate the integration process. In the coming months, Brambles and IFCO executives will review sustainability strategies and targets, systems, process and the culture of each business.

BOARD & EXECUTIVE LEADERSHIP TEAM

BOARD OF DIRECTORS



TONY FROGGATT NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Nominations Committee and the Remuneration Committee

Joined Brambles as a Non-executive Director in June 2006. Currently a non-executive director of Billabong International Limited and Coca-Cola Amatil Limited. Previously, he was a non-executive director of AXA Asia Pacific Holdings Limited and was Chief Executive of Scottish & Newcastle plc from May 2003 to October 2007. Tony began his career with the Gillette Company and has held a wide range of sales, marketing and general management positions in many countries with major consumer goods companies including HJ Heinz, Diageo and Seagram. He holds a Bachelor of Law degree from Queen Mary College, London and an MBA from Columbia Business School, New York. Age 63.



TOM GORMAN CHIEF EXECUTIVE OFFICER

Chairman of the Executive Leadership Team

Joined Brambles as Group President, CHEP Europe, Middle East & Africa in March 2008 and became Chief Executive Officer in November 2009. Previously, Tom had a long career with the Ford Motor Company, and served as President, Ford Australia from March 2004 until January 2008. Before joining Ford, he worked for the Bank of Boston. Tom holds a Bachelor of Arts degree in Economics & International Relations from Tufts University and an MBA with distinction from Harvard Business School. Age 51.



GREG HAYES CHIEF FINANCIAL OFFICER

Member of the Executive Leadership Team

Joined Brambles as Chief Financial Officer in November 2009. Previously Greg was the Chief Executive Officer and Group Managing Director of Tenix Pty Limited, and prior to that Chief Financial Officer and later, Interim Chief Executive Officer of AGL. He has also held senior executive roles at Westfield Holdings Limited and Southcorp Limited. Greg holds a Master of Applied Finance degree from Macquarie University and a Graduate Diploma in Accounting and Bachelor degree in Arts from Flinders University. Greg is a member of the Institute of Chartered Accountants in Australia and has attended the Advanced Management Programme at Harvard Business School. Age 53.



STEPHEN JOHNS NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of the Audit Committee and member of the Nominations Committee

Joined Brambles as a Non-executive Director in August 2004. He is currently the Chairman of Leighton Holdings Limited and Spark Infrastructure Group and a non-executive director of the Westfield Group and John Holland Group Pty Limited. Previously Stephen had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He has a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. Age 64.



CAROLYN KAY NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Audit Committee

Joined Brambles as a Non-executive Director in June 2006. She is a director of Commonwealth Bank of Australia, Infrastructure New South Wales and The Sydney Institute and an External Board Member of Allens Arthur Robinson. Carolyn has had over 25 years of experience in the finance sector and worked as an executive in international finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and as a finance lawyer at Linklaters & Paines in London. She holds Bachelor degrees in Law and Arts from the University of Melbourne and a Graduate Diploma in Management from the AGSM. Carolyn is a Fellow of the Australian Institute of Company Directors, a member of Chief Executive Women and was awarded a Centenary Medal for services to Australian society in business leadership. Age 50.



GRAHAM KRAEHE AO NON-EXECUTIVE CHAIRMAN (INDEPENDENT)

Chairman of the Nominations Committee and member of the Remuneration Committee

Rejoined the Board in December 2005, was appointed Deputy Chairman in October 2007 and Chairman in February 2008. He is currently a member of the Board of the Reserve Bank of Australia, Chairman of Bluescope Steel Limited and a director of Djerriwarrh Investments Limited. Graham was a Non-executive Director of Brambles from December 2000 until March 2004, when he retired due to commitments in his past role as Chairman of National Australia Bank Limited. He has also been the Chief Executive Officer of Pacific BBA and Southcorp Limited and a non-executive director of News Corporation. Graham has a Bachelor of Economics degree from Adelaide University. He is an Officer of the Order of Australia. Age 68.



LUKE MAYHEW NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Chairman of the Remuneration Committee

Joined Brambles as a Non-executive Director in August 2005. Luke is a non-executive director of InterContinental Hotels Group plc. He was a non-executive director of WH Smith plc until August 2010 and retired as Chairman of Pets at Home Group Limited in March 2010, after the business was sold to private equity. Luke was Managing Director of John Lewis, the UK's leading department store business, from 2000 to 2004 and Director of Research and Expansion at John Lewis Partnership plc, which also includes the Waitrose supermarket business, from 1992 to 2000. He previously held senior positions at Thomas Cook and British Airways and was Chief Executive of Shandwick's European business. He has a Bachelor of Arts (Honours) degree from Oxford University and a Master of Economics degree from the University of London. Luke is the Chairman of the British Retail Consortium. Age 58.



BRIAN SCHWARTZ AM NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Member of the Audit Committee

Joined Brambles as a Non-executive Director in March 2009. Currently Chairman and non-executive director of Insurance Australia Group Limited and Deputy Chairman of the Westfield Group. He is also Deputy Chairman of Football Federation Australia. In March 2009 he retired as CEO of Investec Bank (Australia) Limited. Having joined Ernst & Young in 1979, Brian became a partner in 1985. From 1998 to 2004 he was CEO of Ernst & Young Australia and a member of the Ernst & Young Global Executive Board. Brian is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors. He is a Member of the Order of Australia. Age 58.

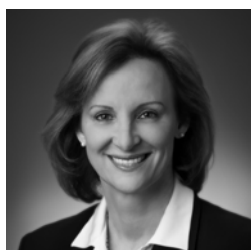
EXECUTIVE LEADERSHIP TEAM

TOM GORMAN CHIEF EXECUTIVE OFFICER

See biography under Board of Directors

GREG HAYES CHIEF FINANCIAL OFFICER

See biography under Board of Directors



JEAN HOLLEY CHIEF INFORMATION OFFICER

Appointed August 2011 and assumes her role in September 2011. Joined Brambles from telecommunications services company Tellabs Inc, where she was Executive Vice President & Chief Information Officer. Previously, she held roles including Vice President & Chief Information Officer at building materials group USG Corporation and senior information technology and information systems roles at environmental services company Waste Management Inc. Jean is also a member of the board of directors for VASCO Data Security International, Inc. She has a Master of Science degree in Computer Science & Engineering from the Illinois Institute of Technology and a Bachelor of Science degree in Computer Science & Electrical Engineering from the Missouri University of Science & Technology. Age 52.



JASPER JUDD GROUP SENIOR VICE PRESIDENT & HEAD OF INNOVATION

Joined Brambles in 2002. Prior to his appointment as Group Senior Vice President & Head of Innovation in March 2010, he served as Group Senior Vice President, Strategic Development for two years. Other previous roles were Acting Chief Financial Officer; Group Financial Controller; Interim Senior Vice President & Chief Financial Officer, CHEP Europe; and General Manager, Finance and Administration. Before joining Brambles, he was Chief Financial Officer of Brainspark and held senior financial positions at a number of other companies including Booker. Jasper is a member of the Institute of Chartered Accountants in England and Wales and graduated from Cambridge University with a Master of Arts. Age 50.

BOARD & EXECUTIVE LEADERSHIP TEAM - CONTINUED



PETER MACKIE GROUP PRESIDENT, CHEP ASIA-PACIFIC

Will become Group President, CHEP Americas, effective October 2011, having been Group President, CHEP Asia-Pacific since May 2010 and Acting Group President, CHEP Europe, Middle East & Africa from November 2009 to April 2010. Previously, Peter held the positions of President, CHEP Europe; Senior Vice President, Customer Service, CHEP Europe; Vice President, Strategy, CHEP Europe; and Managing Director, CHEP UK & Ireland. Before joining CHEP in 2001, Peter held senior roles with Boots and The BOC Group. Peter is a qualified chartered engineer and has an MBA from London Business School. Age 45.



KARL POHLER, CHIEF EXECUTIVE OFFICER, IFCO

Will become Group President, RPCs, effective October 2011, having been CEO, IFCO Systems, which Brambles acquired in March 2011, since August 2005. Was an executive member and CEO of the board of directors of IFCO from December 2000. Prior to joining IFCO, he was Chairman of the Board of Management of Computer 2000 AG, and, at the same time, European president of Computer 2000/Tech Data Corp. From 1997 to 1999, he served as CEO of Sony Deutschland GmbH. From 1993 to 1996, he chaired the Board of Management of Computer 2000 Deutschland GmbH. From 1980 to 1992, he was active in executive management functions for Digital Equipment GmbH. Karl started his career in Germany as a licensed banker and undertook his management education with a major German banking institution. Age 57.



ELTON POTTS GROUP PRESIDENT & CHIEF OPERATING OFFICER, RECALL

Became President and Chief Operating Officer of Recall in April 2007, having been appointed Chief Operating Officer of Recall in December 2006. He joined Brambles in 2002 as Vice President, Controller for CHEP USA, becoming Vice President, Asset Management for CHEP USA in the same year and Senior Vice President, Asset Management for CHEP USA in 2003. Before joining Brambles, Elton held various operations and finance roles with Owens-Corning and Newell Rubbermaid. He holds a Bachelor degree in Financial Management from Clemson University and an MBA from Capital University. Age 47.



NICK SMITH GROUP SENIOR VICE PRESIDENT, HUMAN RESOURCES

Joined Brambles in November 2007. Previously, he was Group Human Resources Director for Inchcape, the international automotive retail group. Prior to this Nick spent a number of years in the telecommunications industry, firstly with British Telecom and then with Cable & Wireless. During this period, Nick spent three years working for Cable & Wireless Optus in Australia, where he was Human Resources Director. He has also worked for KPMG and Macquarie Bank. Nick is a qualified management accountant, has a Bachelor of Science (Economics) degree in International Politics and an MBA. Age 50.



KEVIN SHUBA GROUP SENIOR VICE PRESIDENT & CUSTOMER DEVELOPMENT OFFICER

Will become Group Senior Vice President, Containers Americas effective October 2011. Served as President, CHEP USA from November 2006 until his appointment as Group President, CHEP Americas in February 2008. Appointed Group Senior Vice President & Customer Development Officer in January 2010. Previous roles at CHEP since 1996 include Senior Vice President, New Business Development and Senior Vice President, Sales & Business Development. Before CHEP, he worked for insurance company Mason-McBride from 1994 to 1996 and Baxter Healthcare Corporation from 1987 to 1994. Kevin attended the United States Military Academy at West Point, graduating in 1981 with a Bachelor of Science degree in Engineering. He served in various command and staff positions in the United States Army from 1981 to 1986. Age 52.



DOLPH WESTERBOS GROUP PRESIDENT, CHEP EMEA

Will become Group President, CHEP EMEA & Asia-Pacific effective October 2011. Joined Brambles in April 2010 as Group President, CHEP Europe, Middle East & Africa (EMEA). Prior to joining Brambles, held executive positions at Dell, most recently as Vice President, Solutions & Services, EMEA, including responsibility for Dell's services, software and data centre business across more than 50 countries. Before joining Dell, Dolph was President, EMEA and Senior Vice President, Asia, for ModusLink, a global provider of supply chain, IT and business process outsourcing services to technology companies. He has a Masters degree in Management from the Graduate School of Business at Stanford University. Age 47.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Brambles is a global provider of pallet and container pooling and supply chain services and information management services, and operates in 54 countries. It is therefore subject to an extensive range of legal, regulatory and governance requirements. Brambles is committed to observing the requirements applicable to publicly listed companies in Australia. The Board is conscious that best practice in the area of corporate governance is continuously evolving, and will therefore continue to anticipate and respond to further corporate governance developments.

This Corporate Governance Statement outlines the key components of Brambles' governance framework in place during the year ended 30 June 2011 (Year), by reference to the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Second Edition (CGPR). During the Year, the Board believes Brambles met or exceeded all the requirements of the CGPR.

A checklist summarising Brambles' compliance with the CGPR is included at the end of this Statement. Various documents referred to in this Statement have been posted in the "Corporate Governance" section of the Brambles website at www.brambles.com. The checklist includes more detailed guidance on the location of all the governance-related documents available at www.brambles.com.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT & OVERSIGHT

1.1 ROLE OF THE BOARD & EXECUTIVE MANAGEMENT

1.1.1. Role of the Board and executive management

The Board has overall responsibility for overseeing the effective management and control of the Group on behalf of Brambles' shareholders, and supervising executive management's conduct of the Group's affairs within a control and authority framework which is designed to enable risk to be prudently and effectively assessed and monitored.

The Board has adopted a schedule of matters reserved to it for decision, a copy of which can be found at www.brambles.com, and further details of which are in section 1.1.2.

The roles of the Chairman and executive management, led by the Chief Executive Officer, are separated and clearly defined:

- the Chairman, Graham Kraehe, is responsible for leadership of the Board, setting the Board's agenda, conducting Board meetings, facilitating effective communication with shareholders and the conduct of shareholder meetings; and
- executive management, led by the Chief Executive Officer, Tom Gorman, has been delegated responsibility for the management of Brambles within the control and authority framework referred to above. The levels of authority for management are periodically reviewed by the Board and are documented. The Chief Executive Officer is assisted by Brambles' Executive Leadership Team (ELT).

The Non-executive Directors constructively challenge the development of strategy. They review the performance of management in meeting agreed objectives and monitor the reporting of performance. They have a prime role in appointing and where necessary, recommending the removal of, Executive Directors, and in their succession planning.

The structure of the Board ensures that no individual or group of individuals dominates the Board's decision-making process.

The ELT, a management committee, assists in implementing Brambles' strategic direction, and ensuring its resources are well managed. The ELT has a range of responsibilities, which include:

- reviewing business and corporate strategies;
- formulating major policies in areas such as succession planning and talent management, human and capital resources management, information technology, development of strategy,

risk management, communications and post-investment project reviews;

- leading initiatives which may from time to time vary, but include Zero Harm and innovation; and
- leading the implementation of change processes.

Biographical details for the members of the ELT are shown on pages 25 and 26.

During the Year, Brambles established a US Advisory Board and an Asian Advisory Board. Their functions are to assist management to develop Brambles' strategic direction in the USA and Asia respectively, and to strengthen Brambles' stakeholder relationships in those regions. The Chief Executive Officer is a member of both advisory boards. The remaining members comprise external persons with relevant business and industry experience in, and senior executives of Brambles with operating or functional responsibility for, the applicable region. Meetings between the external members of the advisory boards and Directors will be planned from time to time.

1.1.2. Responsibilities of the Board

The Board is responsible for approving the Group's overall strategic objectives, facilitating the provision of appropriate financial and human resources to meet these objectives and reviewing executive management's performance.

The schedule of matters reserved to the Board for approval includes, among other matters:

- the Group's overall strategic direction and strategic plans for the major business units;
- acquisitions or disposals of assets which exceed the authority limits delegated to the Chief Executive Officer and Chief Financial Officer;
- budgets, financial objectives and policies, and significant capital expenditure;
- Brambles' financial statements and published reports;
- the Group's systems of internal control and risk management processes, and the annual review of their effectiveness;
- changes to the Group's capital structure (other than changes resulting from established employee share plans); and
- the appointment of key senior executives.

The schedule was amended during the Year to add responsibility for Brambles' Diversity Policy (see sections 3.2 and 3.3) and Board skills matrix (see section 2.4.5.).

The Board has delegated some of its responsibilities to the Audit, Nominations and Remuneration committees. The charters of the Board committees also require certain matters to be approved by the Board including, among other matters, the executive remuneration policy and the appointment of the external auditors. Details of the Board committees are set out in sections 2.4, 4.1 and 8.1 and the committee charters can be found at www.brambles.com. The Board is also supported by the ELT (see section 1.1.1.).

1.1.3. Allocation of individual responsibilities

Formal letters of appointment, which are contracts for service but not contracts of employment, have been put in place for all Non-executive Directors. The letters set out the key terms and conditions of their engagement, including time commitments, corporate expectations and, if appropriate, any special duties or assignments. A template letter of appointment for a Non-executive Director is available at www.brambles.com.

Senior executives have employment contracts setting out, amongst other things, their term of office, rights, responsibilities and entitlements on termination, and job descriptions setting out their duties.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

1.2 PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

Brambles has a well established performance management and development planning process, which is used throughout the Group. The process involves objective setting consistent with Brambles' remuneration policy and targets, for cash and equity-based incentive plans set by the Remuneration Committee. Personal development planning, half year reviews and full year appraisals feed into a performance rating, leading to the assessment of annual bonuses. Senior executives (including Executive Directors and the ELT) all participate in this process, which is overseen by the Remuneration Committee.

Performance evaluations for senior executives, including Executive Directors and the ELT, were carried out during the Year in accordance with this process.

1.2.1. Induction of senior executives

Business units have procedures for the induction of senior executives, to assist them in participating fully and actively in management decision-making at the earliest opportunity after commencing their new roles.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

At the date of the Directors' Report, the Board consists of eight members, with two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and six Non-executive Directors. The biographies for each of the current Directors, shown on pages 24 and 25, indicate the breadth of their business, financial and international experience. This gives the Directors the range of skills, knowledge and experience essential to govern Brambles, including an understanding of the health, safety, environmental and community related issues which it faces. The Board considers that its current composition reflects an appropriate balance of Executive and Non-executive Directors.

The table below sets out the names of the Directors in office at the date of the Directors' Report, the years of their appointment and of their most recent election by shareholders, their status as Executive or Non-executive Directors, whether the Board considers that they are independent Directors, whether they will retire and seek re-election at the 2011 Annual General Meeting (AGM), and when they are next due for re-election.

2.1 INDEPENDENT DIRECTORS

2.1.1. Independent decision-making

The Board recognises the importance of independent judgement and constructive debate on all issues under consideration. With the approval of the Chairman, Directors may take independent professional advice at Brambles' expense in the furtherance of discharging their duties and responsibilities. None of the Directors availed themselves of this right during the Year.

The Chairman holds meetings with the Non-executive Directors from time to time, including meetings at scheduled sessions, without the presence of the Executive Directors or other executives. The Non-executive Directors meet without the Chairman present on such occasions as may be considered appropriate.

2.1.2. Independent Directors

The Board has considered the independence of each of the Directors in office as at the date of the Directors' Report and concluded that all Non-executive Directors are independent. Therefore the Board has a majority of independent directors. In reaching this conclusion, the Board had regard to the relationships set out in Box 2.1 of the CGPR and noted that one of these relationships exists.

Carolyn Kay is a director of the Commonwealth Bank of Australia (CBA), which is a substantial shareholder of Brambles. The Board noted that the most recent substantial shareholder notice issued by CBA provided that, except for 593,185 shares (being 0.04% of Brambles' issued share capital at the date of this Statement), CBA's relevant interests in Brambles shares are exercised either as a superannuation trustee; a life company holding statutory funds; a responsible entity or manager of a managed investment scheme; under an investment mandate; by external managers unrelated to the CBA group; or subject to client direction. The Board does not consider that Carolyn Kay's relationship with CBA gives rise to any actual or perceived loss of independence on her part because of the manner in which CBA's relevant interests in Brambles shares are held.

In considering the matters in Box 2.1 of the CGPR, the Board considered that a customer was material if it accounted for more than 2% of Brambles' consolidated gross revenue and that a supplier was material if Brambles accounted for more than 2% of the supplier's consolidated gross revenue.

Name	Year appointed ¹	Year last elected	Executive or Non-executive	Independent	Seeking election/ Retiring and seeking re-election in 2011	Next due for re-election
A G Froggatt	2006	2008	Non-executive	Yes	Yes	2011
T J Gorman	2009	2010	Executive	No	No	N/A ²
G J Hayes	2009	2010	Executive	No	No	2013
S P Johns	2004	2009	Non-executive	Yes	No	2012
S C H Kay	2006	2009	Non-executive	Yes	No	2012
G J Kraehe AO	2005 ³	2009	Non-executive	Yes	No	2012
C L Mayhew	2005	2010	Non-executive	Yes	No	2013
B M Schwartz AM	2009	2009	Non-executive	Yes	No	2012

¹ For the purposes of this table, the year appointed is the year the relevant Director was first elected to the Boards of Brambles or BIL and BIP, as the case may be.

² Following an amendment to Brambles' constitution which was approved by shareholders at the 2010 AGM, it is no longer necessary for the managing director of Brambles to stand for re-election. Tom Gorman holds the role of managing director, but is referred to by the title of Chief Executive Officer.

³ Graham Kraehe also served as a Director from 2000 to 2004, then re-joined the Board in 2005.

2.1.3. Regular assessments

Directors are required to complete a declaration of interest form prior to their appointment. This form is tabled at the Board meeting to consider the appointment of the relevant Director. If their circumstances change or they acquire any office, property or interest which may conflict with their office as a Director of Brambles or the interests of Brambles, Directors are required to disclose its character and extent in writing at the next Board meeting. The Board also makes an annual assessment of the independence of each Non-executive Director. If the Board concludes that a Director has lost their status as an independent director, that conclusion will be advised to the market in a timely manner.

Directors are generally not entitled to attend any part of a Board meeting, or to vote on any matter, in which they have a material personal interest unless the other Directors unanimously decide otherwise. In appropriate cases, Directors may be required to absent themselves from a meeting of the Board while such a matter is being considered.

2.2 INDEPENDENT CHAIRMAN

The Board has concluded that the Chairman is independent and that his other positions do not prevent him from devoting sufficient time to perform the role effectively. As the Chairman is independent, the Board does not consider it necessary to appoint a lead independent director.

The Chairman is responsible for facilitating the effective contribution of Non-executive Directors, who are to receive accurate, timely and clear information so that they may effectively discharge their duties and responsibilities. The Chairman is also responsible for fostering constructive relations between Executive and Non-executive Directors.

2.3 ROLES OF CHAIRMAN & CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are exercised by two different individuals and are clearly documented, as discussed in section 1.1.1. of this Statement. The Chairman does not have a history of employment with Brambles.

2.4 NOMINATIONS COMMITTEE

2.4.1. Purpose of the Nominations Committee

The objective of the Nominations Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors.

2.4.2. Charter

A copy of the Nominations Committee's Charter giving full details of its duties and responsibilities can be found at www.brambles.com.

The Nominations Committee's Charter also sets out its composition, structure, membership requirements and the procedures for inviting non-members to attend meetings. The Committee is authorised to seek any information it requires from any Group employee or from any other source, including obtaining outside legal or other independent professional advice.

During the Year, the Committee's Charter was amended to incorporate responsibility for periodically assessing and, if necessary, recommending changes to the Board skills matrix (see section 2.4.5.) and to incorporate that matrix into the Board selection process contained in the Charter (see section 2.4.4.).

2.4.3. Composition of the Nominations Committee

The Nominations Committee is comprised entirely of Non-executive Directors, all of whom the Board considers to be independent. The members of the Nominations Committee are Graham Kraehe (Committee Chairman), Stephen Johns and Tony Froggatt.

Details of Nominations Committee meetings held during the Year and attendance at those meetings, are set out in the Directors' Report - Other Information on page 57.

2.4.4. Responsibilities

The Nominations Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- assessing periodically the Board skills matrix to determine that it includes the skills required to discharge competently the Board's duties, having regard to the strategic direction of the Group, and making recommendations to the Board on any changes which should be made to that matrix;
- having regard to the Board skills matrix, assessing the skills currently represented on the Board to determine whether those current skills meet the required skills identified;
- reviewing the structure, size and composition (including the mix of skills, experience, expertise and diversity having regard to the Board skills matrix) of the Board and the effectiveness of the Board as a whole, and keeping under review the leadership needs of Brambles, both executive and non-executive, with a view to ensuring the continued ability of Brambles to compete effectively in the marketplace;
- preparing a description of the role, capabilities and skills required for any Board appointment (Role Specification), identifying suitable candidates to fill Board vacancies, and nominating candidates for the approval of the Board;
- in identifying suitable candidates for a Board appointment, if necessary, causing:
 - > a search to be undertaken by an appropriately qualified independent third party acting on a brief prepared by the Nominations Committee, which includes the Role Specification;
 - > the search to be international, extending to those countries in which candidates with the necessary skills would ordinarily be expected to be found; and
 - > the pool of candidates to include qualified persons who would fill an existing diversity gap having regard to the Board skills matrix, Brambles' Diversity Policy (see section 3.2) and the diversity objectives adopted by the Board from time to time;
- ensuring that, on appointment, Non-executive Directors receive a formal letter of appointment, setting out the time commitment and responsibilities envisaged in the appointment;
- on any re-appointment of a Non-executive Director on the conclusion of their specified term of office, undertaking a process of review of the retiring Non-executive Director's performance during the period from their appointment or most recent re-appointment, as the case may be, to the Board;
- reviewing annually the time commitment required of Non-executive Directors and carrying out performance evaluations to assess whether the Non-executive Directors are devoting enough time to fulfilling their duties; and
- giving full consideration to whether succession plans are in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board, and satisfying itself that processes and plans are in place in relation to both Board (particularly for the key roles of Chairman and Chief Executive Officer) and other senior executive appointments.

2.4.5. Selection and appointment process and re-election of Directors

The Board is conscious of the need to ensure that proper processes are in place to deal with succession issues at Board level. As set out in section 2.4.4., the Nominations Committee assists the Board in the Board selection process, which involves the use of a Board skills matrix.

During the Year, the Nominations Committee adopted a Board skills matrix. The matrix incorporates the following elements: function (finance, accounting, operations); international management (Americas, Europe, Asia); industry (logistics, retail, fast moving consumer goods); diversity (male/female, international residency,

CORPORATE GOVERNANCE STATEMENT - CONTINUED

regional/cultural background); and customer perspectives. In adopting the matrix, the Nominations Committee noted that it was an iterative document and would be reviewed and revised from time to time to meet Brambles' ongoing needs.

Having regard to the Board skills matrix and the recent retirements of David Gosnell and John Mullen due to their respective executive roles, the Board recognised the need for a new non-executive director with substantial international business experience (particularly in Europe and the Americas) and/or knowledge of the transport and logistics industries. The Board commenced a search, using external consultants, to identify potential candidates meeting these criteria and, in so doing, requested that they have regard to Brambles' diversity objectives (see section 3.3). The Board will continue to seek to appoint new members in future years having regard to the Board skills matrix and to succeed existing Directors as they retire, ensuring an appropriate balance of skills and experience is maintained.

A Non-executive Director's formal letter of appointment (see section 1.1.3.) sets out, among other things, the time commitment required and specifies that the Director should consult with the Chairman before accepting any additional commitments which may impact on their role. Any Non-executive Directors who are standing for election or re-election at the next AGM are asked to consider their other significant commitments and specifically acknowledge to Brambles that they will have sufficient time to meet what is expected of them as Directors of Brambles. Details of the number of Board and committee meetings held during the Year, and attendance at those meetings by each of the Directors and committee members, are set out in the Directors' Report - Other Information on page 57.

Directors are appointed for an unspecified term, but are subject to election by shareholders at the first general meeting after their initial appointment by the Board. No Director may serve for more than three years without being re-elected by shareholders. Re-appointment is not automatic. The Board reviews whether retiring Directors should stand for re-election, having regard to their performance and the contribution of their individual skills and experience to the desired overall composition of the Board.

The Non-executive Directors' formal letters of appointment confirm that the Non-executive Directors have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

2.5 PROCESS FOR EVALUATING THE PERFORMANCE OF THE BOARD, ITS COMMITTEES & DIRECTORS

The Board and its committees carry out both internal and external evaluations, with the form of evaluation being determined each year. For the Year, the Board undertook an external evaluation of its performance as a whole and the performance of each of its committees.

The external review was conducted by the Board Advisory Services division of an independent firm of accountants. It involved the completion of a detailed questionnaire by each of the Directors and selected Brambles executives on matters relevant to the Board and Committees' performance, followed by in-depth interviews conducted by the firm with each Director and executive.

The outcome of the questionnaire and interviews were reported to the Board and each Committee. These were reviewed and discussed by the Board and Committees, with input from the external accountants, and key issues arising from the evaluations were identified for further action.

An internal evaluation of the performance of Tony Froggatt, the only Non-executive Director who is standing for re-election at the 2011 AGM, was also conducted. The Chairman reviewed the results of Tony Froggatt's performance evaluation with him. The Board also reviewed the results of that evaluation, in his absence, and unanimously resolved to recommend his re-election.

2.5.1. Induction and education

Newly appointed Directors receive appropriate induction and training, specifically tailored to their needs. Appointees are provided with an information pack including governance policies and business information, taken to visit operating sites, hold meetings with major shareholders and receive presentations on Brambles' businesses and functions by its business unit leaders and functional heads.

On an ongoing basis, Directors participate in various seminars and conferences held by industry and professional bodies. In addition, Board meetings regularly include sessions on recent developments in governance and corporate matters, significant accounting matters, operational site visits and meetings with major customers.

2.5.2. Access to information

The Board receives accurate, timely and clear information so that it may effectively discharge its duties and responsibilities. Where necessary, Directors seek clarification or request the provision of further information to assist with their decision-making processes. The Board committee charters document the committees' unrestricted rights to seek information from any Group employee or from any other source. Presentations to the Board are frequently made by senior executives.

2.5.3. The Board and the Company Secretary

The Board is assisted by the Company Secretary who, under the direction of the Chairman, is responsible for facilitating good information flows within the Board and its committees and between senior executives and Non-executive Directors, as well as the induction of new Directors and the ongoing professional development of all Directors. The Company Secretary is responsible for monitoring compliance with the Board's procedures and for advising the Board, through the Chairman, on all governance matters. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board.

The Company Secretary is Robert Gerrard. His qualifications and experience are set out on page 56.

PRINCIPLE 3: PROMOTE ETHICAL & RESPONSIBLE DECISION-MAKING

3.1 ESTABLISH A CODE OF CONDUCT

Brambles has a Code of Conduct, which provides an ethical and legal framework for all employees in the conduct of Brambles' business.

Brambles' Code of Conduct includes the following schedules:

- Corporate Social Responsibility Policy;
- Speaking Up Policy;
- Continuous Disclosure & Communications Policy;
- Group Guidelines for Serious Incident Reporting;
- Environmental Policy;
- Competition Compliance Policy;
- Health & Safety Policy;
- Diversity Policy;
- Securities Trading Policy;
- Risk Management; and
- Guidelines for Document Management.

The policies listed above set out the reporting responsibilities of specified individuals, or in some cases, all employees. The Audit Committee is responsible for monitoring compliance with the Speaking Up Policy and at each meeting receives a report on investigations into any matters raised under that policy. The Board also receives a copy of that report. A copy of the Code of Conduct is available on www.brambles.com.

During the Year, the Continuous Disclosure & Communications Policy and the Securities Trading Policy were reviewed and updated and

the Diversity Policy was added to the Code of Conduct. Further details of the Continuous Disclosure & Communications Policy are set out in sections 5.1 and 6.1. The updated Securities Trading Policy was released to the market, in accordance with ASX Listing Rule 12.9. Further information about the Diversity Policy is set out in section 3.2.

3.1.1. Purpose of the Code of Conduct

The Code of Conduct defines how Brambles relates to its shareholders, employees, customers, suppliers and the community. It includes Brambles' general principles on business integrity. All employees are expected to conduct business in accordance with the laws and regulations of the countries in which the business is located, and in a manner so as to enhance the reputation of Brambles.

3.1.2. Application of the Code of Conduct

The Code of Conduct has been translated into 16 languages. This means that the majority of Brambles' employees can read the Code in their first language. It can also be used to form part of employees' terms and conditions of employment. Non-executive Directors are required to agree to comply with the Code of Conduct and to acknowledge that their performance assessments will include an element on conformity with the Code.

The Code of Conduct is not intended to be all-encompassing. There are areas in which Brambles expects its businesses to develop detailed policies in accordance with local requirements. The Code of Conduct provides a set of guiding principles that may be supplemented with additional local policies. It provides a common behavioural framework.

Brambles implements the Code of Conduct through a variety of induction and training programs. During the Year, ongoing training took place with the aim of enhancing employees' compliance with certain of the policies under the Code.

The Code of Conduct requires Brambles' contractors to adhere to Brambles' health and safety, environmental and serious incident reporting standards and requires consultants or professional advisers who are engaged to undertake work for the Group to comply with the Continuous Disclosure & Communications Policy.

3.2 ESTABLISH A DIVERSITY POLICY

During the Year, the Board adopted a Diversity Policy. (Previously, many aspects of the Diversity Policy were covered under the Group's employment and equal opportunity policies.) When considering the scope of the policy, the Board believed that it should deal with diversity across a range of issues and not be solely limited to gender.

Brambles' vision statement for diversity, set out in the policy, is:

Brambles is committed to creating and maintaining a culture which delivers outstanding performance and results.

Diversity is essential to Brambles' long term success. Brambles values and fosters diversity because it allows:

- customers' needs, both today and in the future, to be recognised and addressed;
- all employees to feel valued and able to perform to their best; and
- Brambles to have access to the widest possible talent pool.

The Diversity Policy provides, amongst other things, that:

- Brambles is committed to selecting, recruiting, developing and supporting people solely on the basis of their professional capability and qualifications, irrespective of gender, ethnicity, nationality, class, colour, age, sexual identity, disability, religion, marital status or political opinion;
- Brambles selects, retains and develops the best people for the job on the basis of merit and job related competencies - without discrimination;

- where appropriate, Brambles will engage external agencies to assist it in the identification, selection and assessment of candidates;
- Brambles will continue to develop talent management programs such as:
 - > development programs for senior executives;
 - > development programs for next generation leaders; and
 - > mentoring programs; and
- on an annual basis, the Board will review and report on the:
 - > relative proportion of women and men in the workforce at all levels;
 - > statistics and trends in the age, nationality and professional backgrounds of Brambles' executive population;
 - > measurable objectives for achieving gender and nationality diversity; and
 - > progress towards achieving those objectives.

3.3 GENDER DIVERSITY OBJECTIVES

During the Year, the schedule of matters reserved to the Board was amended to add the following Board responsibilities:

- determining measurable objectives for achieving gender diversity and annually assessing both the objectives and the progress towards achieving them.
- annually review and report on the relative proportion of women and men in the workforce at all levels of the Group.

Brambles had previously committed to establishing diversity targets during 2011 in its 2010 Sustainability Report. In considering the measurable objectives for achieving diversity, the Company considered a number of areas that it believed were important to both demonstrate and achieve a diverse workforce. These included:

- nationality - Brambles believes that it is essential that its employees represent the communities in which they operate. The Company already has a high representation of different nationalities in its employee population. The general managers and executive teams in each of the countries in which Brambles operates are made up almost entirely of people of that nationality. Brambles monitors this through its bi-annual talent management process with a view to continuing the process and expanding the access of differing nationalities to its global operations.
- professional background - Brambles also believes that its employees should be able to relate to the Company's customers. It therefore recruits extensively from the sectors in which it operates, to ensure that the Company has the right blend of skills and experience. This aspect of diversity is also monitored through the bi-annual talent management process.
- gender - Brambles believes that its executive population should reflect the overall balance of employees in its organisation. This is the best measure for Brambles, as it has a large proportion of employment activities in heavy manual duties, and therefore an overall workforce that is predominantly male.

As at 30 June 2011, Brambles' overall employee population was 73% male and 27% female. 12.5% of its Board and approximately 26% of its management (which is defined as manager, director, vice president and senior vice president grades) are women. In calculating these percentages, Brambles included each permanent employee on the payroll, but excluded casual employees and contractors.

Brambles has adopted a measurable objective for women to represent 30% of its Board and across its Executive Leadership Team and management positions by 30 June 2015.

3.4 GENDER DIVERSITY REPORTING

Each year, Brambles will publish the composition of its executive population by grade against this target, showing progress year on year.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

The position at 30 June 2011 is as follows:

	2015 Objective	% Females at 30 June 2011	% Females at 30 June 2010
Board	30%	12.5%	12.5%
Executive Leadership Team	30%	0.0% ¹	0.0%
Senior Vice President	30%	15.2%	18.2%
Vice President	30%	17.7%	11.8%
Director	30%	21.3%	21.5%
Manager	30%	27.8%	27.1%

¹ On 5 August 2011, Brambles announced the appointment of Jean Holley as its new Chief Information Officer, bringing the percentage of females on the Executive Leadership Team to 11%.

Further information on diversity is included in the Diversity & Inclusion section of the Sustainability Review, on pages 21 and 22.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 ESTABLISH AN AUDIT COMMITTEE

Brambles confirms that, in accordance with ASX Listing Rule 12.7, it has had an Audit Committee throughout the Year.

4.1.1. Purpose of the Audit Committee

The objective and purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

- monitoring and reviewing:
 - > the integrity of financial statements;
 - > internal financial controls;
 - > the objectivity and effectiveness of the internal auditors; and
 - > the independence, objectivity and effectiveness of the external auditors;
- making recommendations to the Board in relation to the appointment or removal of the external auditors, the approval of their remuneration and the terms of their engagement, including the rotation of external audit engagement partners;
- assessing whether the Committee is satisfied that the independence of the external auditors has been maintained, having regard to any non-audit related services;
- reviewing and monitoring the policy on the engagement of the external auditors to supply non-audit services (set out in the Charter of Audit Independence, a copy of which can be found at www.brambles.com), taking into account relevant legal and ethical guidance regarding the provision of non-audit services by the external auditors; and
- reporting to the Board, identifying any matters relating to the above in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

4.2 STRUCTURE OF THE AUDIT COMMITTEE

4.2.1. Composition of the Audit Committee

The Audit Committee has three members and is chaired by Stephen Johns, an independent Director.

4.2.2. Importance of independence

The Audit Committee is comprised entirely of Non-executive Directors, all of whom the Board considers to be independent.

4.2.3. Technical expertise

The Board considers that each of the members of the Audit Committee has recent and relevant financial and accounting

experience and an understanding of accounting and financial issues relevant to the industries in which Brambles operates.

The members of the Audit Committee, including details of their relevant qualifications, are as follows:

- Stephen Johns had a long executive career with Westfield where he held a number of senior positions including that of Finance Director from 1985 to 2002. He is currently the Chairman of Leighton Holdings Limited and Spark Infrastructure Group and a non-executive director of John Holland Group Pty Limited and the Westfield Group. He holds a Bachelor of Economics degree from the University of Sydney and is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.
- Carolyn Kay is a director of CBA, Infrastructure New South Wales and an External Board Member of Allens Arthur Robinson. She has had over 25 years of experience in the finance sector and worked as an executive in international finance at Morgan Stanley in London and Melbourne, JP Morgan in New York and Melbourne and as a finance lawyer at Linklaters & Paines in London. Carolyn holds Bachelor degrees in Law and Arts from the University of Melbourne and a Graduate Diploma in Management from the AGSM. She is a Fellow of the Australian Institute of Company Directors.
- Brian Schwartz is the Chairman and a non-executive director of Insurance Australia Group Limited and Deputy Chairman of the Westfield Group. He had a long career at Ernst & Young, holding a number of senior positions including that of CEO Ernst & Young Australia from 1998 to 2004. He is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Stephen Johns, Carolyn Kay and Brian Schwartz were members of the Audit Committee throughout the Year.

4.3 AUDIT COMMITTEE CHARTER

4.3.1. Charter

The Audit Committee has a Charter which includes its duties and responsibilities, composition, structure, membership requirements, authority, access rights and sets out a procedure for inviting non-members to attend its meetings. The Charter requires the Audit Committee to meet with internal and external auditors at least once a year without executive management being present. A copy of the Audit Committee's Charter, which is reviewed annually, can be found at www.brambles.com.

4.3.2. Responsibilities

The Audit Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- reviewing, and challenging where necessary, the actions and judgment of management in relation to full year and half year financial reports and other announcements relating to those reports prepared for release to the ASX, regulators and the public, before making appropriate recommendations to the Board;
- reviewing the audit plans of the internal auditors, including the scope and materiality level of their audits; monitoring compliance with, and the effectiveness of, the audit plans of the internal auditors; reviewing reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings, and reports from the internal auditors on the implementation of those action plans; and facilitating an open avenue of communication between the internal auditors, the external auditors and the Board;
- reviewing the audit plans of the external auditors, including the nature, scope, materiality level and procedures of their audits; monitoring compliance with, and the quality and effectiveness of, the audit plans of the external auditors; and reviewing reports from the external auditors in relation to their major audit findings, management responses and action plans in relation to

those findings, and reports from the external auditors on the implementation of those action plans; and

- reviewing and recommending to the Board the fees payable to the external auditors, monitoring compliance with the Charter of Audit Independence and pre-approving the performance by the external auditors of any non-audit related work and any proposed fees to be paid to the external auditors for that work, for which its approval is required by the Charter of Audit Independence. The Charter divides non-audit work into three categories: work which must be approved by the Chief Financial Officer (if fees will fall below specified limits); work which must be approved by the Audit Committee; and work which is prohibited. Prior consultation with, and approval of the Chief Financial Officer or Audit Committee, as prescribed by the Charter, is required whenever management recommends that the external auditors undertake non-audit work. Internal accounting, valuation services, actuarial services and internal audit services must not be performed by the external auditors.

The Audit Committee is also responsible for monitoring the Brambles Speaking Up Policy, that it is communicated properly and complied with throughout Brambles, and for monitoring that appropriate protection against victimisation and dismissal is given to Brambles employees who make certain disclosures in the public interest.

4.3.3. Meetings

Details of the number of Audit Committee meetings held during the Year, and attendance at those meetings, are set out in the Directors' Report - Other Information on page 57. Audit Committee papers are provided to all Directors and minutes of meetings are included in the papers for subsequent Board meetings. There is also an open invitation for all Directors to attend Audit Committee meetings.

4.3.4. Reporting

The Chairman of the Audit Committee reports to the Board on the Committee's proceedings and on all matters relevant to the Committee's duties and responsibilities.

4.4 EXTERNAL AUDITOR

PricewaterhouseCoopers has been engaged by the Board to act as external auditors to Brambles since the 2002 financial year. Under the terms of engagement, the Australian audit engagement partners will rotate every five years.

The Audit Committee is responsible for making recommendations on the selection, appointment, evaluation and removal of external auditors, setting fees and ensuring that the external auditors' engagement partners are rotated at appropriate intervals.

PRINCIPLE 5: MAKE TIMELY & BALANCED DISCLOSURE

5.1 ESTABLISH A CONTINUOUS DISCLOSURE POLICY

Brambles is committed to the promotion of investor confidence by taking steps within its power to ensure that trading in its securities occurs in an efficient and informed market. Brambles recognises the importance of effective communication as a key part of building shareholder value, and that to prosper and grow, it must earn the trust of shareholders, employees, customers, suppliers and communities, by being open in its communications and consistently delivering on its commitments.

The Board has adopted a Continuous Disclosure & Communications Policy to:

- reinforce Brambles' commitment to the continuous disclosure obligations imposed by law and to describe the processes Brambles implements to ensure compliance;
- outline Brambles' corporate governance standards and related processes and ensure that timely and accurate information about Brambles is provided equally to all shareholders and market participants; and

- outline Brambles' commitment to communicating effectively with shareholders and encouraging shareholder participation in shareholder meetings.

To achieve the above objectives and satisfy regulatory requirements, the Board provides information to shareholders and other market participants in several ways:

- Brambles releases significant announcements directly via the ASX and immediately places copies on www.brambles.com;
- Brambles conducts investor and analyst briefings as a part of its investor relations programme. No new materials or price sensitive information is provided at those briefings unless it has been previously or is simultaneously released to the market. Brambles posts all presentation materials on www.brambles.com; and
- www.brambles.com contains further information about Brambles and its activities, including copies of recent interim and annual reports and recordings of recent presentations to analysts.

During the Year, Brambles reviewed and updated the Continuous Disclosure & Communications Policy. The Continuous Disclosure & Communications Policy takes into account the matters listed in Box 5.1 of the CGPR. A copy can be found at www.brambles.com.

5.1.1. Commentary on financial results

The Audit Committee Charter requires the Committee to review the clarity of financial reports.

A review of operations and activities for the Year is included on pages 4 to 11. Brambles makes presentations of the full and half year results to the investment community immediately after the public release of those results. Brambles webcasts these presentations live and posts copies of the associated presentation materials on www.brambles.com.

5.1.2. Eliminating surprise on termination entitlements

Details of the termination entitlements of Brambles' Chief Executive Officer, Chief Financial Officer and other Key Management Personnel are disclosed on page 46 of the Directors' Report - Remuneration Report.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Shareholders play an important role in the governance of Brambles by electing the Board, whose task it is to govern on their behalf.

The Chairman regularly meets major investors to understand their issues and concerns and discuss particular matters relating to Brambles' governance and strategy. The Chief Executive Officer, Chief Financial Officer and other senior executives regularly meet investors and other market participants to understand their issues and concerns and discuss Company performance and strategy. No new material or price sensitive information is provided at such meetings. Other Non-executive Directors may attend meetings with major investors and will attend them if requested. The Chairman reports to the Board on the matters discussed at meetings with major investors and copies of relevant correspondence are included in the Board papers. Executive management provides information on shareholder activity and trading to the Board, along with shareholder feedback and copies of analysts' reports.

6.1 ESTABLISH A COMMUNICATIONS POLICY

As disclosed in section 5.1, the Board has adopted a Continuous Disclosure & Communications Policy, which outlines Brambles' commitment to communicating effectively with shareholders and encouraging shareholder participation in shareholder meetings.

A copy can be found at www.brambles.com.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

6.1.1. Electronic communication

Brambles takes all of the measures to make effective use of electronic communication that are outlined in Box 6.1 of the CGPR.

Brambles posts a copy of all announcements made to the ASX on www.brambles.com. On release, significant announcements are highlighted in the "Latest News" area on the home page of www.brambles.com.

Presentations to investors, analysts or media during briefings and copies of speeches and presentations made by the Chairman and Chief Executive Officer at general meetings are released as regulatory announcements and posted on www.brambles.com after release. Briefings and general meetings are also webcast live, via www.brambles.com. All of the ASX regulatory releases and notices of meetings that Brambles Limited has published since it was listed in December 2006 are available on www.brambles.com, as are several years' history of such documents relating to BIL, prior to Unification.

Shareholders are encouraged to provide an email address to Brambles' share registry so that they can be sent an electronic notification when a communication is available on www.brambles.com, rather than a hard copy. Brambles believes shareholders benefit from electronic communication as they receive information promptly and have the convenience and security of electronic delivery. Electronic communication is also environmentally friendly and generates cost savings. Shareholders who do not specify a preferred method of communication are posted a printed notification of availability of the annual report and hard copies of all other communications.

Shareholders may electronically appoint proxies and lodge proxy instructions for items of business to be considered at general meetings, or have the option of lodging direct votes.

A newsletter on the half year results and the acquisition of IFCO was electronically distributed to shareholders who had provided an email address in April 2011, and distributed in hard copy to other shareholders with their interim dividend statements.

6.1.2. Meetings

AGMs provide an opportunity for the Board to communicate with investors, through presentations on Brambles' businesses and current trading. Shareholders are encouraged to attend AGMs and to participate and use the opportunity to ask questions on any matter.

To make better use of the limited time available, shareholders are invited to register questions and issues of concern prior to AGMs. This can be done either by completing the relevant form accompanying the notices convening the meetings or by emailing Brambles at shareholderquestions@brambles.com. Answers to frequently asked questions are given during presentations to AGMs. Shareholders may also ask questions at AGMs without having registered their questions in this manner.

6.1.3. Communication with beneficial owners

Beneficial owners of shares, investors or members of the public are encouraged to register for free email alerts, so that they may stay up to date on major news announcements made by Brambles. There is a link to the Email Alerts registration area of the website on the home page of www.brambles.com. Users of the Email Alerts service may customise the types of announcements that they receive.

6.1.4. Website

As noted in sections 6.1.1. and 6.1.3., Brambles communicates with shareholders via electronic methods, including via www.brambles.com. Brambles has also established a new shareholder results micro-site, which contains the financial results for the Year as well as more detailed information about Brambles' business operations. The micro-site can be accessed directly at www.brambles.com/2011review.

6.1.5. Briefings

Brambles follows a calendar of regular disclosure of its financial and operational results. The calendar, which is posted on the website, includes advance notice of the dates for the release of half year and full year results, other financial information, shareholder meetings, major analyst and investor briefings and Brambles' involvement in major investment conferences. Where possible, Brambles webcasts these significant briefings.

When Brambles conducts analyst and investor briefings, a record of the briefings is maintained for internal use. This record includes a summary of the issues discussed, a record of those present (names or numbers where appropriate) and the time and place of the meeting.

PRINCIPLE 7: RECOGNISE & MANAGE RISK

7.1 ESTABLISH POLICIES FOR THE OVERSIGHT & MANAGEMENT OF MATERIAL BUSINESS RISKS

7.1.1. Risk management policies

The Board is responsible for approving and reviewing the effectiveness of the Group's system of internal control and risk management. During the Year, the Board was supported in this role by management, in particular by the Chief Executive Officer, the Audit Committee (in relation to financial reporting risks) and the Group's internal audit function. To strengthen the relationship between risk management and strategic and operational planning, the Chief Executive Officer, through the ELT (see section 1.1.1.), has principal responsibility for risk management. The Audit Committee's responsibilities are described in section 4.3.2. of this Statement.

Following a comprehensive review of the risk management and internal control system, a new risk management framework was adopted, with effect from 1 July 2010. The objectives of the new risk management framework are as follows:

- to incorporate effective risk management as part of Brambles' strategic planning process;
- to require business operating plans to address the effective management of key risks;
- to develop internal audit plans to concentrate efforts on providing assurance on the viability and value of risk mitigation/management processes;
- to embed a stronger risk management culture;
- to improve allocation of capital to reflect business risks;
- to seek competitive advantage through increased certainty of achieving agreed organisational and business objectives; and
- to continue to fulfil governance requirements for risk management.

Brambles Headquarters and each of the business units (other than IFCO) have a risk and control committee (RCC) which reports to the ELT. As part of the IFCO integration plan, IFCO will establish an RCC during FY12. The Brambles Headquarters RCC is chaired by the Chief Financial Officer and its members include key functional heads. Each RCC conducts an in-depth review of the relevant business unit's risk profile on a regular basis. The relevant Group President reviews the risk profile and accompanying mitigation plans before they are consolidated into the Group-level risk profile. The risk profiles and mitigation plans for Brambles Headquarters, the business units and the Group as a whole are evaluated by the ELT, with support from the Group Vice President, Risk. The ELT, through the Chief Executive Officer, prepares a risk report to the Board twice each year, which includes a review of the Group's risk profile, mitigation factors and emerging risks (see section 7.2). Legal obligations and the reasonable expectations of stakeholders, such as shareholders, customers, employees, subcontractors, suppliers and the community in general are taken into account when preparing and updating mitigation plans.

7.2 REPORTING ON EFFECTIVE MANAGEMENT OF MATERIAL BUSINESS RISKS

7.2.1. Risk management and internal control system

Management is responsible for the development, implementation and management of systems that:

- identify, assess and manage risks in an effective and efficient manner;
- enable decisions to be based on a comprehensive view of the reward-to-risk balance;
- provide greater certainty of the delivery of objectives; and
- satisfy the Group's corporate governance requirements.

These systems are designed to limit the risk of failure to achieve business objectives. It must be recognised, however, that internal control and risk management systems can provide only reasonable, and not absolute, assurance against the risk of material loss.

Key elements of Brambles' internal control systems include:

- a Code of Conduct that sets out an ethical and legal framework for all employees in the conduct of Brambles' business;
- financial systems to provide timely, relevant and reliable information to management and to the Board;
- appropriate formalised delegations and limits of authority consistent with Brambles' objectives;
- biannual management declarations at country, regional and global levels confirming, among other matters, the adequacy of internal control procedures, the effectiveness of risk management systems and compliance with the Code of Conduct and all regulatory and statutory requirements;
- an internal audit function, described in section 7.2.2. of this Statement;
- a risk management function;
- RCCs for each of Brambles Headquarters and the business units; and
- other sources of independent assurance, such as environmental audits, occupational health and safety audits and reports from the external auditors.

The biannual management declarations are collected through a web-based system, to enable the questionnaires to be completed more easily and to facilitate rigorous tracking across periods.

The key elements of Brambles' business risk management systems during the Year are set out below:

Risk control - risks to the achievement of business objectives were identified through a process of examination between the ELT, Brambles' risk management team, the business unit Group Presidents, RCCs and functional process owners. Key business risks were also identified and analysed during regular management reporting and discussions. The identified risks were assessed in terms of their underlying causes, business consequences, external variables, current internal control effectiveness, likelihood of occurrence, overall risk priority and risk mitigation status. The resulting net risk and control profiles were presented to the Board, together with a risk improvement program designed to increase the effectiveness of controls and manage the overall level of risk. This process formed part of the Board's annual review of the effectiveness of the systems of internal control.

Risk monitoring - there was regular reporting of key risk events, such as safety incidents, litigation and serious incidents (as defined in the Code of Conduct). In addition to regular monitoring by the ELT and Brambles' risk management team, risks and controls were reassessed by the RCCs on a regular basis. The outcome of those assessments and details of progress in implementing risk improvement programs were signed off by Group Presidents and reported to the Group Vice President, Risk. In addition, a report on the effectiveness of the management of business risks was provided

to the ELT and the Board. The effectiveness of specific business risk controls and risk improvement programs was also periodically reviewed by internal audit as part of the FY11 internal audit program, and the results reported to the Audit Committee.

During the Year, the Board reviewed the effectiveness of the internal control and risk management systems and will continue to do so on an ongoing basis by:

- considering and approving the budget and forward plan of each business;
- reviewing detailed monthly reports on business performance and trends;
- setting limits on delegated authority;
- receiving regular reports on Brambles' treasury activities, and reviewing treasury guidelines, limits and controls;
- receiving twice-yearly reports from the ELT on the effectiveness of internal control and risk management systems for Brambles' material business risks, being the report required by Recommendation 7.2 of the CGPR;
- receiving twice-yearly written assurances from the Chief Executive Officer and Chief Financial Officer, as described in section 7.3 of this Statement; and
- receiving reports from the Audit Committee, which has a responsibility to assist the Board in reviewing internal financial controls.

7.2.2. Internal audit function

The internal audit function is independent of the external auditor. Brambles' internal audit function carries out risk-based audits under an annual plan approved by the Audit Committee. The internal audit team makes an independent appraisal of the adequacy and effectiveness of Brambles' risk management and internal control system, to provide assurance to the Audit Committee and the Board.

The head of internal audit has direct access to the Chairman of the Audit Committee. Both the Audit Committee and the internal audit team have unrestricted access to management and the right to seek information and explanations.

7.2.3. Risk Management Committee

The roles of the Board, ELT and the RCCs in Brambles' risk management framework are described in section 7.1.1.

7.3 CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER DECLARATION

The Board receives written assurances from the Chief Executive Officer and Chief Financial Officer that the declaration provided under section 295A of the Corporations Act 2001 (Cth)(Act) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board received these assurances in advance of approving both the annual and interim financial statements for the Year.

PRINCIPLE 8: REMUNERATE FAIRLY & RESPONSIBLY

8.1 ESTABLISH A REMUNERATION COMMITTEE

8.1.1. Purpose of the Remuneration Committee

The objective and purpose of the Remuneration Committee is to assist the Board in establishing remuneration policies and practices which:

- enable Brambles to attract and retain executives and Directors who will create value for shareholders;
- fairly and responsibly reward executives having regard to the performance of Brambles, the performance of the executive and the general remuneration environment; and
- comply with the provisions of the ASX Listing Rules and the Act.

CORPORATE GOVERNANCE STATEMENT - CONTINUED

8.1.2. Charter

The Remuneration Committee has a Charter which includes its duties and responsibilities, composition, structure, membership requirements, authority, access rights and sets out a procedure for inviting non-members to attend its meetings. During the Year, the Charter was amended to provide that the Committee's responsibilities would include reviewing and making recommendations to the Board on remuneration by gender. A copy of the Remuneration Committee's Charter, which is reviewed annually, can be found at www.brambles.com.

8.1.3. Responsibilities of the Remuneration Committee

The Remuneration Committee discharges its responsibilities by meeting regularly throughout the year and, among other matters:

- determining and agreeing with the Board the broad policy for the remuneration of the Chairman of the Board, the Chief Executive Officer and other members of the senior executive team, and reviewing the ongoing appropriateness and relevance of the executive remuneration policy;
- determining the remuneration for the Executive Directors and the Company Secretary, reviewing the proposed remuneration for the senior executive team, ensuring that contractual terms on termination, and any payments made, are fair to the individual and Brambles, that failure is not rewarded and that the duty to mitigate loss is fully recognised, and, in determining such packages and arrangements, giving due regard to all relevant regulations and associated guidance;
- insofar as they impact on the Executive Directors and the senior executive team, approving the design of, and determining targets for, all cash-based executive incentive plans, and approving the total proposed payments from all such plans;
- keeping all equity-based plans under review in the light of legislative, regulatory and market developments, determining each year whether awards will be made under such plans and whether there are exceptional circumstances which allow awards at other times, approving total proposed awards under each plan, approving awards to Executive Directors and reviewing awards made to the senior executive team;
- annually reviewing and taking account of the remuneration trends across Brambles in its main markets, reviewing and making recommendations to the Board on remuneration by gender and advising on any major changes in employee benefit structures throughout Brambles;
- reviewing the funding and performance of Brambles' retirement plans and reporting to the Board;
- selecting, appointing and setting the terms of reference for external remuneration consultants who advise the Committee in respect of the remuneration of the Executive Directors; and
- review and make recommendations to the Board on remuneration by gender.

8.1.4. Remuneration policy

Details of Brambles' remuneration policy can be found in the Directors' Report - Remuneration Report on pages 40, 41, 42 and 50.

The remuneration of the Chairman of Brambles is determined by the Remuneration Committee. The remuneration of the other Non-executive Directors is determined by the Executive Directors, following consultation with the Chairman of Brambles, with the Non-executive Directors taking no part in the discussion or decision relating to their remuneration. In setting remuneration, advice is sought from external remuneration consultants.

During the Year, the Remuneration Committee and the Board monitored the progress of legislative changes to the Act concerning director and executive remuneration, and, where not already in place, made preparations to comply with the new rules on voting, disclosure, engagement of remuneration consultants and hedging of remuneration which take effect in FY12.

8.2 STRUCTURE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is comprised entirely of Non-executive Directors, all of whom are independent. Luke Mayhew (Committee Chairman), Tony Froggatt and Graham Kraehe were members of the Remuneration Committee throughout the Year; John Mullen, a former independent Non-executive Director of Brambles, was a member of the Remuneration Committee during the Year until his resignation on 7 February 2011. The Remuneration Committee meets at least three times a year. Details of the number of Remuneration Committee meetings held during the Year and attendance at those meetings, are set out in the Directors' Report - Other Information on page 57.

The Remuneration Committee may seek input from certain members of executive management on remuneration, but no member of executive management is directly involved in deciding their own remuneration.

8.3 COMPARISON OF REMUNERATION STRUCTURES

There is a clear distinction between the structure of Non-executive Directors' remuneration and that of the Executive Directors and executive management. Brambles has taken account of the guidelines for executive remuneration packages in Box 8.1 of the CGPR and the guidelines for non-executive director remuneration in Box 8.2 of the CGPR. Further details can be found in the Directors' Report - Remuneration Report on pages 40, 41, 42 and 50.

The following checklist summarises Brambles' compliance with the CGPR and contains cross references to the sections of this Statement and to the exact location of information disclosed at www.brambles.com.

Principle/Recommendation	Reference
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT & OVERSIGHT	
Recommendation 1.1 Role of the board and management	Corporate Governance Statement: 1.1
Recommendation 1.2 Performance evaluation of senior executives	Corporate Governance Statement: 1.2
Recommendation 1.3 Companies should provide the following information in the corporate governance statement:	
- an explanation of any departures from Recommendations 1.1, 1.2 or 1.3	Not applicable
- whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed	Corporate Governance Statement: 1.2
A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section	www.brambles.com See "Corporate Governance", "Board of Directors".
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1 Independent directors	Corporate Governance Statement: 2.1
Recommendation 2.2 Independent chairman	Corporate Governance Statement: 2.2
Recommendation 2.3 Roles of chairman and chief executive officer	Corporate Governance Statement: 2.3
Recommendation 2.4 Nomination committee	Corporate Governance Statement: 2.4
Recommendation 2.5 Process for evaluating the performance of the board, its committees and directors	Corporate Governance Statement: 2.5
Recommendation 2.6 Companies should provide the following information in the corporate governance statement:	Corporate Governance Statement:
- the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report	2 and Board & Executive Leadership Team, pages 24 to 25.
- the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds	2.1.2.
- the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships	2.1.2.
- a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company	2.1.1.
- a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board	2.4.5.
- the period of office held by each director in office at the date of the annual report	2.1.2.
- the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out	2.4.3 and Directors' Report - Other Information, page 57.
- whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed	2.5
- an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
- a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors	www.brambles.com See "Corporate Governance", "Board of Directors", "Board Succession Planning & Renewal".

CORPORATE GOVERNANCE STATEMENT - CONTINUED

Principle/Recommendation	Reference
<ul style="list-style-type: none"> - the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee - the board's policy for the nomination and appointment of directors 	www.brambles.com See "Corporate Governance", "Committees of the Board", "Nominations Committee".
PRINCIPLE 3: PROMOTE ETHICAL & RESPONSIBLE DECISION-MAKING	
Recommendation 3.1 Establish a code of conduct	Corporate Governance Statement: 3.1
Recommendation 3.2 Establish a diversity policy	Corporate Governance Statement: 3.2
Recommendation 3.3 Gender diversity objectives	Corporate Governance Statement: 3.3
Recommendation 3.4 Gender diversity reporting	Corporate Governance Statement: 3.4
Recommendation 3.5 An explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
<ul style="list-style-type: none"> - any applicable code of conduct or a summary - the diversity policy or a summary of its main provisions 	www.brambles.com See "Corporate Governance", "Other", "Brambles Code of Conduct" (which incorporates the Diversity Policy as Schedule 8).
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1 Establish an audit committee	Corporate Governance Statement: 4.1
Recommendation 4.2 Structure of the audit committee	Corporate Governance Statement: 4.2
Recommendation 4.3 Audit committee charter	Corporate Governance Statement: 4.3
Recommendation 4.4 Companies should provide the following information in the corporate governance statement:	
<ul style="list-style-type: none"> - the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out - the number of meetings of the audit committee 	Corporate Governance Statement: 4.2.3 and Directors' Report - Other Information, page 57.
<ul style="list-style-type: none"> - an explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4 	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
<ul style="list-style-type: none"> - information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners - the audit committee charter 	Corporate Governance Statement: 4.4 and www.brambles.com See "Corporate Governance", "Committees of the Board", "Audit Committee".
PRINCIPLE 5: MAKE TIMELY & BALANCED DISCLOSURE	
Recommendation 5.1 Establish a continuous disclosure policy	Corporate Governance Statement: 5.1
Recommendation 5.2 An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement	Not applicable
The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section	
	www.brambles.com See "Corporate Governance", "Other", "Brambles Code of Conduct" (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1 Establish a communications policy	Corporate Governance Statement: 6.1
Recommendation 6.2 An explanation of any departures from Recommendations 6.1 or 6.2 should be included in the corporate governance statement	Not applicable

Principle/Recommendation	Reference
The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section	www.brambles.com See "Corporate Governance", "Other", "Brambles Code of Conduct" (which incorporates the Continuous Disclosure & Communications Policy as Schedule 3).
PRINCIPLE 7: RECOGNISE & MANAGE RISK	
Recommendation 7.1 Establish policies for the oversight and management of material business risks	Corporate Governance Statement: 7.1
Recommendation 7.2 Reporting on effective management of material business risks	Corporate Governance Statement: 7.2
Recommendation 7.3 Chief Executive Officer and Chief Financial Officer declaration	Corporate Governance Statement: 7.3
Recommendation 7.4 Companies should provide the following information in the corporate governance statement:	
- an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4	Not applicable
- whether the board has received the report from management under Recommendation 7.2	Corporate Governance Statement: 7.2
- whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3	Corporate Governance Statement: 7.3
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
- a summary of the company's policies on risk oversight and management of material business risks	www.brambles.com See "Corporate Governance", "Risk Management".
PRINCIPLE 8: REMUNERATE FAIRLY & RESPONSIBLY	
Recommendation 8.1 Establish a remuneration committee	Corporate Governance Statement: 8.1
Recommendation 8.2 Structure of the remuneration committee	Corporate Governance Statement: 8.2
Recommendation 8.3 Comparison of remuneration structures	Corporate Governance Statements: 8.3 and Directors' Report - Remuneration Report pages 40, 41, 42 and 50.
Recommendation 8.4 Companies should provide the following information in the corporate governance statement or a clear cross reference to the location of the material:	
- the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out	Corporate Governance Statement: 8.2 and Directors' Report - Other Information, page 57.
- the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors	Not applicable
- an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4	Not applicable
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	
- the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee	www.brambles.com See "Corporate Governance", "Committees of the Board", "Remuneration Committee".
- a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes	www.brambles.com See "Corporate Governance", "Other", "Brambles Code of Conduct" (which incorporates the Securities Trading Policy as Schedule 9).

DIRECTORS' REPORT - REMUNERATION REPORT

Brambles has maintained a prudent approach to remuneration during 2010/11, reflecting the continued focus on both cost control and appropriate reward for good performance:

- salary increases across the company, including the Executive Leadership Team, were relatively modest at an overall 3%;
- short term bonuses were around target level; and
- the element of the 2008 long term incentive award which is based on Total Shareholder Return will partially vest in 2011.

During the year, Karl Pohler (Chief Executive Officer, IFCO) joined the Brambles Executive Leadership Team as a result of the IFCO acquisition. One senior executive, Jim Infinger, Chief Information Officer, left the business. His departure was managed under the provisions of his employment contract and within the existing executive termination legislation.

Following last year's restructuring into local currency, a market rate increase of 4% was applied to Non-executive Directors' fees, including the Chairman's fees.

During the year we revisited Brambles' remuneration strategy to ensure that there continues to be a close alignment between executive reward and the delivery of key business objectives, and that effective incentives and rewards were in place for executives for the delivery of strong sustainable returns to shareholders.

The review confirmed that our current remuneration strategy is strongly aligned with our business strategy. As a result we are not putting forward any fundamental changes to our approach to remuneration. However, Brambles will be seeking shareholder approval for some changes to our executive and global employee share plan rules. The proposed changes to our executive share plan would bring it into line with market practice, with the addition of the introduction of the discretion to "clawback" unvested shares in exceptional circumstances. The proposed change to our global employee share plan rules is designed to provide Brambles with more flexibility to support increased employee share ownership across our business. Details of the planned rule changes are outlined in section 3.5 of this Report.

Finally we have continued to simplify the Remuneration Report while ensuring that it still informs shareholders and includes all formally required disclosures. We have introduced a table detailing actual remuneration received by our Executive Leadership Team during the financial year. This is to provide greater transparency and understanding to shareholders.



Luke Mayhew
Non-executive Director and
Chairman of the Remuneration Committee

CONTENTS

1. Background
2. Remuneration Committee
3. Remuneration policy and structure
4. Performance of Brambles
5. Executive Directors and Disclosable Executives
6. Non-executive Directors
7. Appendices

1. BACKGROUND

This Remuneration Report includes information on Brambles' Executive Directors, Non-executive Directors, and other Group executives whose remuneration details are required to be disclosed (Disclosable Executives).

Disclosable Executives include those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and who, for some or all of the year ending 30 June 2011 (Year), have been a member of the Executive Leadership Team (ELT) of Brambles (Key Management Personnel).

This report includes all disclosures required by the Corporations Act 2001 (Cth) (Act), regulations made under that Act and Australian Accounting Standard AASB 124: Related Party Disclosures. The disclosures required by section 300A of the Act have been audited. Disclosures required by the Act cover both Brambles Limited (Company) and the Group.

2. REMUNERATION COMMITTEE

The Remuneration Committee (Committee) operates under delegated authority from Brambles' Board. The Committee's responsibilities include recommending overall remuneration policy to the Board, approving the remuneration arrangements for the Executive Directors, the ELT and the Company Secretary and reviewing the remuneration policy and individual arrangements for other executives.

Details of the Committee's Charter, Advisers and the rules of Brambles' executive and employee share plans can be found on www.brambles.com under "Corporate Governance", "Committees of the Board", "Remuneration Committee".

3. REMUNERATION POLICY AND STRUCTURE

The Board has adopted a remuneration policy for the Group which is consistent with its business objectives and designed to attract and retain high calibre executives, align executive rewards with the creation of shareholder value, and motivate executives to achieve challenging performance levels.

When setting and reviewing remuneration levels for the Executive Directors and other members of the ELT, the Committee considers the experience, responsibilities and performance of the individual and takes into account market data relevant to the individual's role and location, as well as Brambles' size, geographic spread and complexity. The Group's remuneration policy is to pay at the median level of remuneration for target capability and performance and to provide upper quartile rewards for outstanding capability and performance. The benchmarks used for setting fixed remuneration in relation to the year ending 30 June 2011 were major listed companies in the US, Australia and Europe, with market capitalisation and revenue levels that were between 50% and 200% of Brambles' 12 month average market capitalisation and revenue as of June 2010.

The structure of Brambles' current incentive arrangements was approved by shareholders at the 2008 Annual General Meeting (AGM). There was a minor amendment to the Brambles Limited 2006 Performance Share Plan (2006 Share Plan) rules in 2009. This change means that executives who leave the Company under certain circumstances, such as retirement or redundancy, do not receive accelerated vesting of their short term incentive (STI) share awards and instead, need to wait until the completion of the performance period to receive any awards.

Remuneration is divided into those components which are not directly linked to performance (that is, they are “Fixed”), and those components which are variable and are directly linked to Brambles’ financial performance and the delivery of personal and safety objectives (that is, they are “At Risk”).

3.1 FIXED REMUNERATION

Fixed remuneration generally consists of base salary and benefits. However, as is common elsewhere, the Chief Executive Officer, who is based in Australia, has been provided with an annual Total Fixed Remuneration (TFR) amount and has flexibility as to the precise mixture of cash and benefits he receives within that amount. Benefits may include pension contributions, motor vehicles, club memberships and disability and life insurance. Executives who are not covered by TFR may receive similar benefits in addition to their base salary.

As a global group, Brambles operates an international mobility policy which can include the provision of housing, payment of relocation costs and other location adjustment expenses where appropriate.

3.2 AT RISK REMUNERATION

In addition to those elements of remuneration which are Fixed, a significant element of executives’ total potential reward is required to be At Risk. This means that an individual’s maximum potential remuneration will be achieved only in circumstances where they have met challenging objectives in terms of Brambles’ overall financial performance and sustainable returns for all shareholders. The proportion of executives’ remuneration packages At Risk is illustrated in section 3.3.

At Risk remuneration is provided to Brambles’ executives through annual STI and long term incentive (LTI) arrangements. All the incentive plans under which awards to Executive Directors and the Disclosable Executives are still to vest or be exercised are summarised in sections 7.2 and 7.3.

Brambles’ At Risk remuneration includes three different types of award, an STI cash award, STI share award and an LTI share award, the key features of which are illustrated in the following diagram.

Definitions of the Brambles Value Added (BVA), Total Shareholder Return (TSR) and Compound Annual Growth Rate (CAGR) measurements and the methods by which they are calculated are included in the Glossary on pages 132 to 133.

The manner in which the awards operate is summarised below.

The market value at the date of grant of all equity awards made to any person in any financial year should not normally (and did not during the Year) exceed two times their TFR or equivalent.

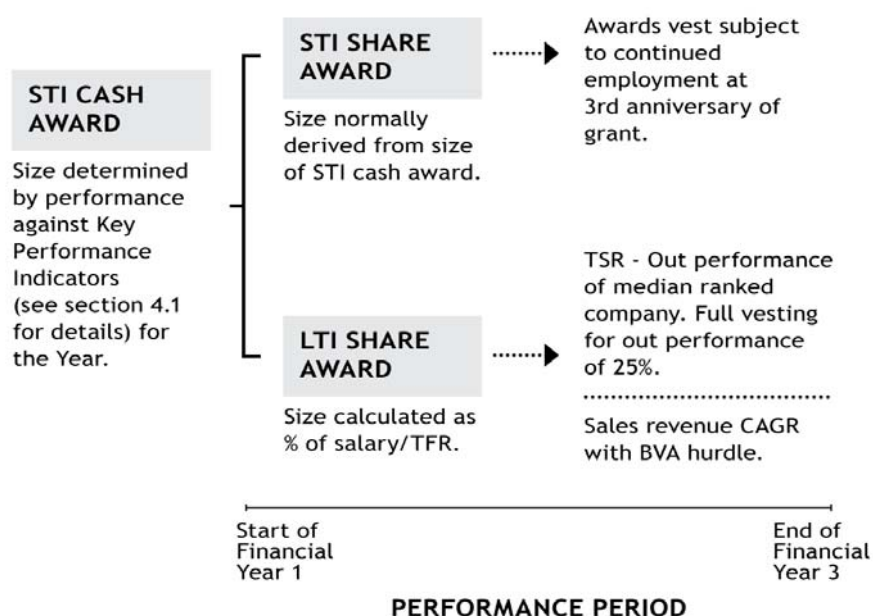
Brambles’ Securities Trading Policy applies to awards granted under the incentive arrangements described above. That policy prohibits designated persons from acquiring financial products or entering into arrangements which have the effect of limiting exposure to the risk of price movements of Brambles securities. It is a term of senior executives’ employment contracts that they are required to comply with all Brambles policies (including the Securities Trading Policy). Management declarations are obtained twice yearly and include a statement that all policies have been complied with.

More detailed information on Brambles’ current incentive arrangements is set out in section 4, and in the relevant plan rules, which can be found on www.brambles.com.

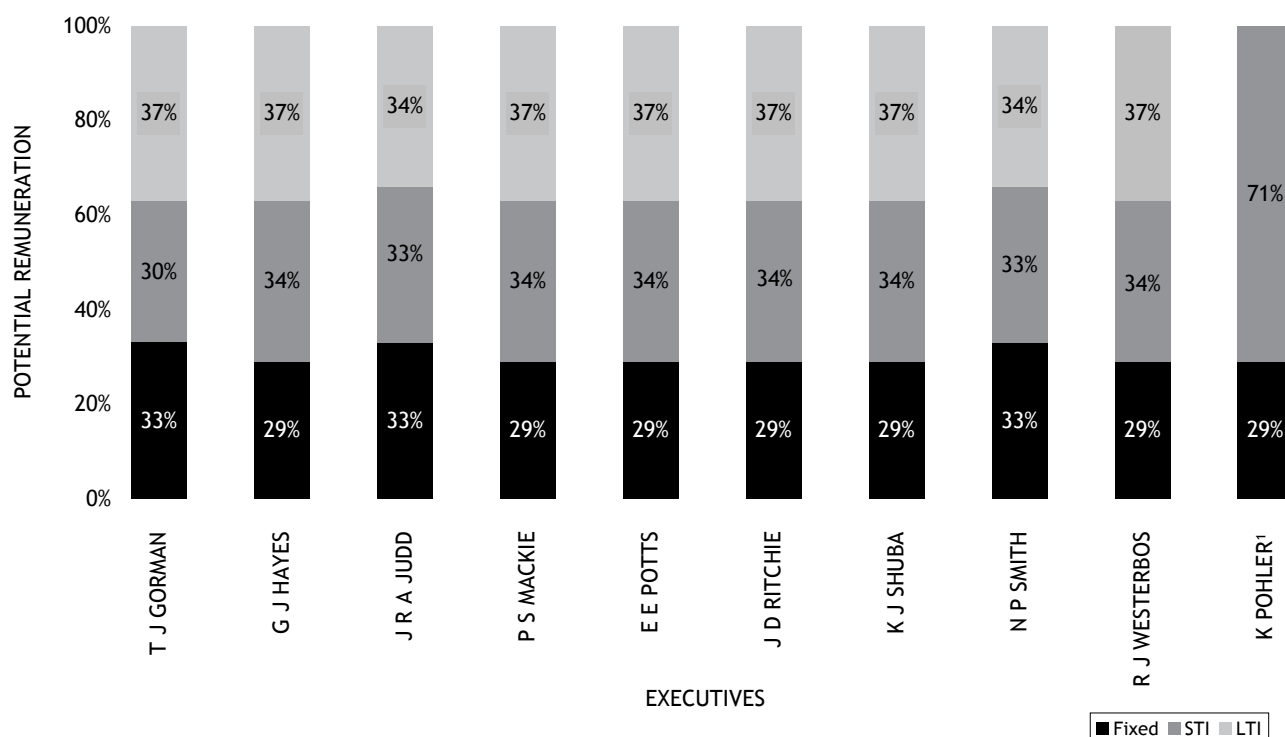
3.3 REMUNERATION PACKAGES - FIXED VS. AT RISK

Brambles’ executive remuneration mix is heavily tied to performance. At Risk remuneration is performance based and is made up of STIs and LTIs. It represents approximately 65-70% of the executive’s remuneration package (based on target performance for STIs and using the fair market value for share awards).

The chart on the following page illustrates the mix of Fixed, and potential STI and LTI remuneration for Disclosable Executives based on target performance.



DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED



3.4 ALL EMPLOYEE SHARE PLAN

At the 2008 AGM, shareholders gave approval to an all employee share plan (MyShare), which was implemented in January 2009.

Since the initial launch, more than 25% of Brambles employees from more than 25 countries have elected to participate in MyShare. The number of shares purchased by employees (Acquired Shares) as at 30 June 2011 was 1,719,780, excluding shares received under the dividend share plan (Dividend Shares). At the end of March 2011, Brambles issued 475,318 shares to employees, being a matching number of shares (Matching Shares) to those purchased and held by employees for the two year period.

In 2012 MyShare will be offered for the first time to employees in Argentina, Austria, Chile, Finland, Greece, Hungary, Saudi Arabia, Slovakia, United Arab Emirates and Zimbabwe.

Members of the ELT are eligible to participate in MyShare. The ELT's Acquired Shares, Dividend Shares and Matching Shares are included in section 5.5. Matching share rights allocated, but not yet vested as Matching Shares (Matching Awards), are shown in section 5.6.

3.5 CHANGES TO EXECUTIVE AND EMPLOYEE SHARE PLAN RULES

Although the remuneration strategy review undertaken during the Year indicated that Brambles' executive and employee share plans overall were fit for purpose, a few areas of improvement were identified which will require minor amendments to the 2006 Share Plan and MyShare rules. Specifically, Brambles will be seeking shareholder approval to make the following four changes.

- Under the current 2006 Share Plan rules, 50% of ELT members' STI awards are deferred into STI share awards that vest after three years. The level of deferral will remain at 50%. However, it is proposed that the vesting period that commences after the STI share award is granted will be reduced from three years to two years, for STI share awards allocated in August 2011 onwards. The key reasons for these changes are as follows:

- In Australia the most common practice is for an STI share award vesting period of two years or less after the STI share award is granted;
 - It will balance the longer term vesting practice of Europe with the USA practice of immediate or short term vesting; and
 - The current three year STI share award vesting period is concurrent with Brambles' LTI share award vesting period. Having a staggered vesting between the two types of share award provides for better executive motivation.
- It is proposed that the "good leaver" provisions in the 2006 Share Plan rules be brought into line with market practice, so that all employees can be treated as "good leavers", other than employees who voluntarily resign and employees who are terminated for poor performance or misconduct. This will clarify the rules. All STI and LTI share awards will continue to be forfeited in the case of resignations or terminations for cause. The rules relating to the allocation of Matching Shares under MyShare will be similarly updated.
 - Brambles proposes that the Board be given discretion under the rules of the 2006 Share Plan to "clawback" unvested share awards, in the event of serious misconduct by management which undermines materially the Group's performance, financial soundness and reputation. This could include misrepresentations or material misstatements due to errors, omissions or negligence.
 - In order to encourage higher levels of participation from Brambles' general employee population, the MyShare rules will be amended to provide flexibility to occasionally increase the ratio of Matching Shares to Acquired Shares from 1:1 to a maximum of 2:1, for the first A\$1,000 worth of Acquired Shares.

The Board believes these amendments would provide valuable enhancements to the remuneration policy.

¹ Karl Pohler's remuneration mix and bonus calculations reflect his existing incentive arrangements from IFCO.

4. PERFORMANCE OF BRAMBLES

Brambles' remuneration policy is directly linked to its performance, both in terms of financial performance and the creation of shareholder wealth. This link is achieved in the following ways:

- by placing a significant portion of executives' remuneration At Risk;
- by selecting appropriate Key Performance Indicators (KPIs) for annual STI cash awards and performance conditions for LTI share awards; and
- by requiring those KPIs or performance conditions to be met in order for the At Risk component of remuneration to be awarded or to vest.

The relationship between Brambles' remuneration policy and its performance over the Year and the previous four financial years is set out in section 4.2. The tables in section 4.2.1 show the level of vesting of awards triggered by performance over those periods.

4.1 STI KEY PERFORMANCE INDICATORS

As outlined in section 3.2, executives have the opportunity to receive annual STI cash and share awards based on performance against KPIs. An STI award currently vests three years after the award is made. The ELT's KPIs are comprised of 60-70% financial KPIs and 30-40% of personal non-financial KPIs.

Financial KPIs

The STI financial KPIs chosen for the Year were BVA and Cash flow from operations (Cash Flow), plus (for the Chief Executive Officer and the Chief Financial Officer) Profit After Tax (PAT). For CHEP and Recall Group Presidents, KPIs included Brambles BVA and their respective business unit (CHEP or Recall) BVA and Cash Flow.

A focus on BVA helps ensure the efficient use of capital within Brambles. PAT captures interest and tax charges which are not directly incorporated in BVA. Cash Flow is used as a measure to ensure a strong focus on the generation of cash for the Group.

The key levels of performance possible against each of the financial KPIs relevant to the STI awards for the Year were: Threshold (the minimum necessary to qualify for the awards); Target (where the performance targets have been met); and Maximum (where the targets have been significantly exceeded, and the related rewards have reached their upper limit).

Karl Pohler, Chief Executive Officer, IFCO, had his incentive based on his existing IFCO STI plan KPIs, being EBITDA and Free cash flow.

Definitions of the Cash flow from operations, EBITDA and Free cash flow measurements and the methods by which they are calculated are included in the Glossary on pages 132 to 133.

The actual levels of performance achieved for the Year against the financial KPIs are summarised in the following table.

Performance against financial KPIs in 2011

KPIs	Level of performance achieved during the Year ²
Brambles BVA	Between Target and Maximum
Brambles PAT	Between Target and Maximum
Brambles Cash Flow	Achieved Target
CHEP Americas BVA	Between Threshold and Target
CHEP Americas Cash Flow	Failed Target
CHEP EMEA BVA	Between Threshold and Target
CHEP EMEA Cash Flow	Achieved 50% of Target ³
CHEP Asia-Pacific BVA	Between Target and Maximum
CHEP Asia-Pacific Cash Flow	Achieved Target
Recall BVA	Between Threshold and Target
Recall Cash Flow	Failed Target
IFCO EBITDA	Achieved Target
IFCO Cash Flow	Achieved Target

Non-financial KPIs

Non-financial KPIs include personal strategic objectives in areas such as safety, business strategy, growth, customer satisfaction and retention, and people and talent management.

- Brambles safety is measured by Brambles Injury Frequency Rate (BIFR). A definition of BIFR is included in the Glossary on page 132 and reporting of the Group's BIFR performance is included in the Sustainability Review on page 21. Brambles regards the safety of its people as a major priority and the ELT has Group-wide oversight of the Zero Harm environment. This means that all ELT members will lose any STI entitlement under their safety objective if a fatality occurs anywhere in the Brambles Group.
- Business strategy and growth includes the implementation of clearly specified strategic initiatives allocated to individual ELT members, for example further new business acquisitions.
- Customer satisfaction and retention is mainly measured using the Net Promoter Score (NPS) system. An explanation of the Group's use of NPS is included in the Sustainability Review on page 16.
- People and talent management metrics relate to the development of future leaders in Brambles as well as succession planning for critical roles.

Details of the STI cash award payable to Disclosable Executives and the STI cash award forfeited, as a percentage of the maximum potential STI cash award in respect to performance during the Year, are shown for each ELT member in the following table.

² Financial targets set for the forthcoming financial year under Brambles' incentive plans will not constitute profit forecasts and the Board is conscious that their publication may therefore be misleading. Accordingly Brambles does not publish in advance the coming year's financial targets for incentive purposes. Brambles' BVA performance for the Year is however, set out on page 11.

³ Achieved mid year at target but failed to meet full year target.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

Actual STI cash payable and forfeited for year ended
30 June 2011

Name	% of maximum STI cash payable for year ended 30 June 2011	% of maximum STI cash forfeited for year ended 30 June 2011
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EXECUTIVE DIRECTORS

T J Gorman	78%	22%
G J Hayes	79%	21%

CURRENT KEY MANAGEMENT PERSONNEL

J R A Judd	69%	31%
P S Mackie	70%	30%
K Pohler ¹	48%	52%
E E Potts	48%	52%
J D Ritchie	50%	50%
K J Shuba	55%	45%
N P Smith	73%	27%
R J Westerbos	53%	47%

FORMER KEY MANAGEMENT PERSONNEL

J L Infinger	0%	100%
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4.2 LTI SHARE AWARD PERFORMANCE CONDITIONS

As outlined in section 3.3, Key Management Personnel also have the opportunity to receive equity awards in the form of LTI share awards. Vesting only occurs three years from the date of award and depends on Brambles' TSR performance relative to the S&P/ASX100 Index over a three year performance period (Performance Period), as well as, in the most recent awards, Brambles' performance against sales revenue growth and BVA hurdles, as set out in section 4.2.2. Once awards vest, they are exercisable for up to six years from the date of grant.

TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified period.

A relative TSR performance condition helps ensure that value is only delivered to participants if the investment return actually received by Brambles' shareholders is sufficiently high relative to the return they could have received by investing in a portfolio of alternative stocks over the same period of time.

Details of the LTI share awards granted to Disclosable Executives and the performance hurdles which apply to each of the awards are set out in section 7.2. The table in section 4.2.1 illustrates the relationship between Brambles' remuneration policy and performance, showing the level of vesting of equity awards triggered by TSR performance over various periods to 30 June 2010 and to 30 June 2011.

Equity awards only vest to the extent that performance conditions are met. The awards are governed by plan rules, which have been approved by shareholders. Any Board discretion, such as vesting in the event of a change of control, is clearly prescribed under the plan rules. Under the leaver provisions, there is no accelerated vesting in the case of terminations and all unvested awards are forfeited in the case of resignations or terminations for cause.

4.2.1 PERFORMANCE AWARDS UNDER THE 2004 AND 2006 PERFORMANCE SHARE PLANS

Awards under the above Performance Share Plans are subject to performance hurdles based on relative TSR. The following table details, for awards made during the five financial years indicated, the performance against the applicable hurdle. The first table also contains data on the level of vesting of "Enhanced STI share awards", which were granted under the 2006 Share Plan prior to its amendment in November 2008 and apply to all Key Management Personnel.

Level of vesting of LTI and Enhanced STI share awards based on TSR performance

				Period to 30 June 2010	Period to 30 June 2011
Awards made during financial year	Performance condition	Start of Performance Period	Ranking (out of 100)/ Out-performance of median company's TSR return (%)	Vesting triggered (% of original award)	Vesting triggered (% of original award)
2007 ⁴	Relative TSR ⁵	21 February 2007	81 ⁵	0% Enhanced STI awards 0% LTI awards	N/A
2008 ⁴	Relative TSR ⁵	1 July 2007	68 ⁵	0% Enhanced STI awards 0% LTI awards	N/A
2009 ⁶	Relative TSR ⁷	1 July 2008	6.30 ⁷	N/A	57.8% LTI awards

⁴ These performance share rights were granted under the 2006 Share Plan prior to its amendment in November 2008. Rights under this Plan vest on the third anniversary of their grant date subject to meeting a relative TSR performance condition. If the performance condition is not met the rights will lapse.

⁵ The average ranking of the Company's TSR against the S&P/ASX100 Index.

⁶ These performance share rights were granted under the 2006 Share Plan. Rights under this Plan vest on the third anniversary of their grant date. 50% of the award will vest subject to meeting a relative TSR performance condition. The balance of the award will vest subject to sales revenue CAGR and BVA performance. The vesting matrix for this component of the award made in November 2010 is detailed at section 4.2.2.

⁷ Percentage out-performance of the median company's TSR return against the S&P/ASX100 Index.

The following table provides similar details for awards which have yet to be tested.

				Period to 30 June 2011
Awards made during financial year	Performance condition	Start of Performance Period	Out-performance of median company's TSR return (%)	Vesting if current performance is maintained until earliest testing date (% of original award)
2010 ⁶	Relative TSR ⁷	1 July 2009	1.05 ⁷	41.9% LTI Awards
2011 ⁶	Relative TSR ⁷	1 July 2010	4.77 ⁷	51.0% LTI Awards

4.2.2 LTI share award vesting conditions

In November 2008, shareholders approved changes to the 2006 Share Plan, to introduce two sets of performance hurdles, each with equal weighting.

Half of the LTI share awards are measured by the following relative TSR condition: 40% of LTI share awards will vest if the Company's relative TSR performance over the Performance Period equals the TSR of the median ranked ASX100 company; 100% will vest for out-performance of the TSR of the median ranked ASX100 company by 25% over the Performance Period; and if Brambles' TSR performance is between these two levels, vesting will be on a pro-rata straight line basis.

The other half of the LTI share award is measured against the achievement of profitable growth objectives. The growth element of the LTI share award is designed to incentivise both long term revenue and BVA growth. Vesting is based on achievement of sales revenue with three year performance hurdles set on a CAGR basis. The sales revenue growth targets are underpinned by BVA hurdles. This is designed to drive profitable business growth, to ensure quality of earnings is maintained at a strong level and to deliver increased shareholder value.

Both sales revenue CAGR and BVA are measured in constant currency.

The target matrix is set by the Remuneration Committee and approved by the Board for each LTI share award and published in the subsequent Remuneration Report and Financial Statements. This allows the Board to set targets for each LTI share award which reward strong performance in the light of the prevailing and forecast economic and trading conditions.

LTI share awards for the 2009 to 2011 performance period failed to vest as both the sales revenue CAGR and BVA results were below the target levels required for vesting, as published in the 2009 Remuneration Report. Based on performance to date, the LTI share awards for the 2010 to 2012 years will not vest.

The following table provides the vesting framework for the relevant awards made during the Year. If current performance is maintained until the performance hurdles are assessed, the awards will vest in 2013.

LTI performance matrix for financial years 2011 to 2013

Vesting % ⁶			
Sales revenue CAGR*	Cumulative three year BVA US\$M at fixed June 2010 FX rates		
	900	1,100	1,300
4%	-	30%	50%
5%	30%	50%	70%
6%	50%	70%	90%
7%	70%	90%	100%
8%	90%	100%	100%
9%	100%	100%	100%

*Three year CAGR over base year

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

5. EXECUTIVE DIRECTORS AND DISCLOSABLE EXECUTIVES

5.1 EXECUTIVE DIRECTOR CHANGES

During 2011 there were no changes to Brambles' Executive Directors.

5.2 SERVICE CONTRACTS

Current Executive Directors and Key Management Personnel are on continuing contracts which may be terminated without cause by the employer giving 12 months' notice, or by the employee giving six months' notice, with payments in lieu of notice calculated by reference to TFR/annual base salary. The termination provisions for Jim Ritchie, Kevin Shuba and Elton Potts include payments in lieu of notice calculated by reference to annual base salary and health insurance benefits. These standard service contracts state that any termination payments made would be reduced by any value to be received under any new employment.

Other than Peter Mackie⁸, executives remunerated on a base salary approach receive pension contributions of 15% of base salary.

Jim Infinger ceased employment in accordance with the terms and conditions of his contract.

Contract terms for executives

Name and role(s)	Salary/TFR as at 30 June 2011 unless indicated
EXECUTIVE DIRECTORS	
T J Gorman Chief Executive Officer	TFR (including pension contributions) of A\$1,926,000
G J Hayes Chief Financial Officer	Base salary of A\$1,400,000
CURRENT KEY MANAGEMENT PERSONNEL	
J R A Judd Group Senior Vice President & Head of Innovation	Base salary of A\$515,000
P S Mackie ⁸ Group President, CHEP Asia-Pacific	Base salary of A\$567,000
K Pohler Chief Executive Officer, IFCO from its acquisition by Brambles on 31 March 2011	Base salary of €850,000
E E Potts Group President & Chief Operating Officer, Recall	Base salary of US\$550,000
J D Ritchie Group President, CHEP Americas	Base salary of US\$550,000
K J Shuba Group Senior Vice President & Customer Development Officer	Base salary of US\$530,000
N P Smith Group Senior Vice President, Human Resources	Base salary of A\$600,000
R J Westerbos Group President CHEP Europe, Middle East & Africa	Base salary of €410,000
FORMER KEY MANAGEMENT PERSONNEL	
J L Infinger Group Senior Vice President & Chief Information Officer until 2 November 2010	Base salary of US\$425,000

⁸ Peter Mackie receives employer superannuation (pension) contributions of 21% of base salary for income up to £153,700 and 15% of base salary for any amount above £153,700.

5.3 TOTAL REMUNERATION AND BENEFITS FOR THE YEAR

The table below provides a summary of the actual remuneration received by the Disclosable Executives for the Year, together with prior year comparatives. The purpose of this table is to enable shareholders to better understand the actual remuneration received by Disclosable Executives. The TFR amount shown for Tom Gorman is that to which he is entitled for the Year, and which he may elect to receive in a combination of cash salary payments, pension contributions and motor vehicle benefits. Income derived from the vesting of shares during the year has been included below as "Actual share income". The value shown is the market value at the time the income became available to the executive. These awards were granted in prior financial years. The values shown relate to STI and LTI share awards made in 2008. Theoretical accounting values for unvested share awards are shown in section 7.4; those values are a statutory disclosure requirement. Unvested share awards may result in "Actual share income" in future years and, if so, the income will be reported in the table below in the Annual Report for the relevant year.

	Short term employee benefits				Post employment benefits	Other			Actual share income	
Name	Year	Cash/ salary/ TFR/fees US\$'000	Cash bonus US\$'000	Non-monetary benefits ⁹ US\$'000	Super-annuation US\$'000	Termination/ sign-on payments/ retirement benefits US\$'000	Other US\$'000	Total before equity US\$'000	STI / LTI awards US\$'000	Total US\$'000
EXECUTIVE DIRECTORS										
T J Gorman ^{10 11}	2011	1,730	1,000	238	-	-	19	2,987	260	3,247
	2010	1,408	692	191	27	-	48	2,366	-	2,366
G J Hayes ^{10 11}	2011	1,339	993	5	204	-	-	2,541	-	2,541
	2010	709	349	1	95	-	-	1,154	-	1,154
Totals	2011	3,069	1,993	243	204	-	19	5,528	260	5,788
	2010	2,117	1,041	192	122	-	48	3,520	-	3,520
CURRENT KEY MANAGEMENT PERSONNEL										
J R A Judd ¹¹	2011	603	266	6	76	-	-	951	88	1,039
	2010	592	252	4	66	-	-	914	95	1,009
P S Mackie ^{10 11}	2011	749	394	142	114	-	10	1,409	54	1,463
	2010	443	276	136	69	-	17	941	40	981
E E Potts	2011	566	249	-	77	-	18	910	59	969
	2010	513	278	-	67	-	18	876	66	942
K Pohler	2011	292	254	10	2	-	1	559	-	559
	2010	-	-	-	-	-	-	-	-	-
J D Ritchie ¹⁰	2011	566	248	6	80	-	17	917	208	1,125
	2010	509	164	56	66	217	13	1,025	291	1,316
K J Shuba	2011	562	255	141	73	-	18	1,049	78	1,127
	2010	563	184	8	75	-	19	849	70 ¹²	919
N P Smith ¹¹	2011	624	326	2	89	-	-	1,041	6	1,047
	2010	544	296	1	76	-	-	917	-	917
R J Westerbos ¹⁰	2011	575	268	87	81	400	-	1,411	-	1,411
	2010	146	65	3	16	445	1	676	N/A	676
FORMER KEY MANAGEMENT PERSONNEL										
J L Infinger	2011	167	-	-	-	276	3	446	-	446
	2010	301	99	375	37	-	10	822	-	822
Totals	2011	4,704	2,260	394	592	676	67	8,693	493	9,186
	2010	3,611	1,614	583	472	662	78	7,020	562	7,582

⁹ Non-monetary benefits include car parking, personal/spouse travel, club membership, motor vehicles, relocation and storage costs and fringe benefits tax.

¹⁰ These executives were appointed to their current role during the year ending 30 June 2010, as such the 2010 comparator represents part year only.

¹¹ The year-on-year comparison of remuneration is affected by the movement of exchange rates from A\$1=US\$0.8813 for 2010 to A\$1=US\$0.9973 for 2011.

¹² In addition Kevin Shuba received income from exercising awards which vested in previous years.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

5.4 EQUITY-BASED AWARDS

The following table shows details of equity-based awards made to the Disclosable Executives during the Year. STI and LTI share awards were made under the 2006 Share Plan, the terms and conditions of which are available in sections 7.2 and 7.3 (see plan numbers 15-17). Matching Awards were made under MyShare, the terms and conditions of which are available in sections 7.2 and 7.3 (plan numbers 34-45).

Name	Type of award	Number	Value at grant US\$'000 ¹³
EXECUTIVE DIRECTORS			
T J Gorman	STI	116,569	762
	LTI	328,902	2,150
	MyShare Matching	753	5
	Total	446,224	2,917
G J Hayes	STI	58,879	385
	LTI	270,262	1,767
	Total	329,141	2,152
CURRENT KEY MANAGEMENT PERSONNEL			
J R A Judd	STI	42,470	276
	LTI	76,476	500
	MyShare Matching	753	5
	Total	119,699	781
P S Mackie	STI	46,554	304
	LTI	109,456	715
	MyShare Matching	676	5
	Total	156,686	1,024
K Pohler	STI	251,637	1,811
	LTI	-	-
	Total	251,637	1,811
E E Potts	STI	42,456	278
	LTI	109,390	715
	MyShare Matching	692	5
	Total	152,538	998
J D Ritchie	STI	25,091	164
	LTI	109,390	715
	MyShare Matching	687	5
	Total	135,168	884
K J Shuba	STI	28,151	184
	LTI	105,412	689
	MyShare Matching	692	5
	Total	134,255	878
N P Smith	STI	49,895	326
	LTI	89,098	582
	MyShare Matching	753	5
	Total	139,746	913
R J Westerbos	STI	9,570	63
	LTI	106,864	698
	Total	116,434	761
FORMER KEY MANAGEMENT PERSONNEL			
J L Infinger	MyShare Matching	194	1
	Total	194	1

¹³ The total value of the relevant equity award(s) is valued as at the date of grant using the methodology set out in section 7.1. The minimum possible future value of all awards yet to vest is zero, and is based on the performance/service conditions not being met. The maximum possible future value of awards yet to vest is equal to the value at grant.

5.5 SHAREHOLDINGS

The table below shows details of Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests, being issued shares held by them and their related parties.

Under recently updated guidelines, members of Brambles' ELT are encouraged, over the five year period commencing from the date they joined the ELT, to achieve and maintain a shareholding equal to 100% of salary before tax. In circumstances where executives wish to sell shares, they will require the approval of the Chairman (in the case of the Chief Executive Officer) or the Chief Executive Officer (in the case of all other ELT members).

	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year ¹⁴
EXECUTIVE DIRECTORS			
T J Gorman	930	40,037	40,967 ¹⁵
G J Hayes	-	-	-
CURRENT KEY MANAGEMENT PERSONNEL			
J R A Judd	65,399	14,037	79,436 ¹⁵
P S Mackie	854	107	961 ¹⁶
K Pohler	-	-	-
E E Potts	58,126	8,481	66,607 ¹⁵
J D Ritchie	39,941	20,383	60,324 ¹⁶
K J Shuba	46,452	11,314	57,766 ¹⁵
N P Smith	1,046	1,584	2,630 ¹⁶
R J Westerbos	-	101,495	101,495
FORMER KEY MANAGEMENT PERSONNEL			
J L Infinger	135	194	329 ¹⁷

¹⁴ On 29 July 2011 the following Key Management Personnel acquired ordinary shares under MyShare, which are held by Computershare Nominees CI Limited: Tom Gorman (60), Jasper Judd (60), Peter Mackie (60), Elton Potts (51), Jim Ritchie (50), Kevin Shuba (51) and Nick Smith (60).

¹⁵ Of which Computershare Nominees CI Limited holds 39,522 shares for Tom Gorman, 15,126 for Jasper Judd, 9,413 for Elton Potts and 12,246 for Kevin Shuba

¹⁶ Held by Computershare Nominees CI Limited.

¹⁷ Balance at the end of the Year is at cessation of employment for Jim Infinger, who ceased employment on 2 November 2010.

5.6 INTERESTS IN SHARE RIGHTS¹⁸

The table below shows details of rights over Brambles Limited ordinary shares in which the Disclosable Executives held relevant interests:

- share rights, being awards made before 30 June 2004 under the 2001 Share Plans, awards made on 21 October 2005 under the 2004 Share Plans, and awards made on 19 January 2007, 29 August 2007 and 27 August 2008 under the 2006 Share Plan;
- Matching Awards, being conditional rights awarded during the Year under MyShare.

	Balance at the start of the Year	Granted during the Year		Exercised during the Year ¹⁹		Lapsed during the Year		Balance at the end of the Year ²⁰	Vested and exerciseable at the end of the Year
Name	Number	Number ²¹	Value at grant US\$'000	Number	Value at exercise US\$'000	Number	Value at lapse US\$'000 ²²	Number	Number
EXECUTIVE DIRECTORS									
T J Gorman	546,682	446,224	2,917	37,024	260	-	-	955,882	-
G J Hayes	405,870	329,141	2,151	-	-	-	-	735,011	-
CURRENT KEY MANAGEMENT PERSONNEL									
J R A Judd	219,192	119,699	782	13,284	88	28,691	136	296,916	-
P S Mackie	139,763	156,686	1,024	6,628	54	17,584	83	272,237	-
K Pohler	-	251,637	1,811	-	-	-	-	251,637	-
E E Potts	276,704	152,538	997	11,393	59	71,361	339	346,488	-
J D Ritchie	92,602	135,168	884	27,112	208	-	-	200,658	-
K J Shuba	283,396	134,255	878	14,312	73	24,245	115	379,094	-
N P Smith	195,389	139,746	912	775	6	-	-	334,360	-
R J Westerbos	-	116,434	761	-	-	-	-	116,434	-
FORMER KEY MANAGEMENT PERSONNEL									
J L Infinger	128,717	-	-	-	-	-	-	128,717	-

¹⁸ Of the awards detailed in section 7.3 the following plan numbers are relevant to Disclosable Executives: Tom Gorman (5, 7-9 and 12-46); Greg Hayes (12-14 and 16-17); (2-4, 7-9 and 12-46) for Jasper Judd, Peter Mackie and Elton Potts; Jim Ritchie (10-17 and 30-46); Kevin Shuba (2-4, 7-9, 13-17 and 18-46); Nick Smith (7-9 and 12-46); and Jim Infinger (12-14 and 30-38). Lapses occurred for Jasper Judd, Peter Mackie, Elton Potts and Kevin Shuba (3 and 4). Exercises occurred for Jasper Judd, Peter Mackie, Elton Potts and Kevin Shuba (2 and 18-29); Tom Gorman (5 and 18-29); Jim Ritchie (11 and 18-29); and Nick Smith (18-29).

¹⁹ Of the options/rights exercised during the Year, no monies were paid or payable on exercise. The shares issued on exercise of share rights are fully paid up. All of the share rights exercised during the Year vested during the Year.

²⁰ On 29 July 2011, the following Disclosable Executives received Matching Awards under MyShare: Tom Gorman (60), Jasper Judd (60), Peter Mackie (60), Elton Potts (51), Jim Ritchie (50), Kevin Shuba (51) and Nick Smith (60).

²¹ During the Year 4,429,520 performance share rights were granted under the 2006 Share Plan, of which 445,471 were granted to Tom Gorman and 329,141 were granted to Greg Hayes. 475,318 Matching Awards were granted under MyShare during the Year, of which 659 were granted to Tom Gorman. Approval for these issues of securities was obtained under ASX Listing Rule 10.14 at the AGM held on 25 November 2010.

²² "Lapse" in this context means that the award was forfeited due to either the service or performance conditions not being met.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

6. NON-EXECUTIVE DIRECTORS' DISCLOSURES

6.1 NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Chairman's fees are determined by the Remuneration Committee and the other Non-executive Directors' fees are determined by the Chairman and Executive Directors. In setting the fees, advice is sought from external remuneration consultants on the appropriate level of fees, taking into account the responsibilities of Directors in dealing with the complexity and global nature of Brambles' affairs and the level of fees paid to Non-executive Directors in comparable companies.

A review of Non-executive Director and Board Chairman fees was undertaken in 2011 to ensure the fees remained in line with market practice, resulting in an increase of 4%.

The review established the following fee structure:

Chairman	A\$565,000
Australia based Non-executive Directors	A\$180,000
UK based Non-executive Directors ²³	£83,200
Fee supplement for Audit Committee Chairman ²⁴	A\$36,000
Fee supplement for Remuneration Committee Chairman ^{23 24}	£22,000
Travel allowance for overseas based Director	£10,000

The next fee review will be undertaken during January 2012.

6.2 NON-EXECUTIVE DIRECTORS' APPOINTMENT LETTERS

Directors are appointed for an unspecified term but are subject to election by shareholders at the first AGM after their initial appointment by the Board. The Corporate Governance Statement contains details of the process for appointing and re-electing Non-executive Directors and of the years in which the Non-executive Directors are next due for re-election by shareholders.

Letters of appointment for the Non-executive Directors, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that the Non-executive Directors have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

The Non-executive Directors do not participate in Brambles' short or long term incentive plans and do not receive any benefits in kind.

6.3 NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

The fees and other benefits provided to Non-executive Directors during the Year and during the prior year are set out in the table below in US\$. The full names of the Non-executive Directors and the dates of any changes in Non-executive Directors are shown in the Directors' Report - Other Information. Non-executive Directors do not receive any share-based payment.

Any contributions to personal superannuation or pension funds on behalf of the Non-executive Directors are deducted from their overall fee entitlements.

²³ Luke Mayhew, the Remuneration Committee Chairman, is currently the only UK based Non-executive Director.

²⁴ The fee supplement is only payable to a Committee Chairman who is not also the Board Chairman.

Table 6.3 Non-executive Directors' remuneration for the Year

		Short term employee benefits	Post employment benefits		
Name	Year	Directors' fees US\$'000	Superannuation US\$'000	Other ²⁵ US\$'000	Total US\$'000 ²⁶
CURRENT NON-EXECUTIVE DIRECTORS					
A G Froggatt ²⁷	2011	164	12	-	176
	2010	125	8	-	133
S P Johns ²⁷	2011	211	16	1	228
	2010	155	8	-	163
S C H Kay ²⁷	2011	161	15	-	176
	2010	122	11	-	133
G J Kraehe AO ²⁷	2011	533	14	20	567
	2010	448	40	4	492
C L Mayhew	2011	167	6	3	176
	2010	138	5	1	144
B M Schwartz AM ²⁷	2011	161	15	-	176
	2010	122	11	-	133
FORMER NON-EXECUTIVE DIRECTOR					
J P Mullen ²⁷	2011	95	9	-	104
	2010	84	8	-	92
Totals	2011	1,492	87	24	1,603
	2010	1,194	91	5	1,290

6.4 NON-EXECUTIVE DIRECTORS' SHAREHOLDINGS

As a guideline, Non-executive Directors are encouraged to hold shares in Brambles equal to their annual fees after tax within three years of their appointment.

The following table contains details of Brambles Limited ordinary shares in which the Non-executive Directors held relevant interests, being issued shares held by them and their related parties. The Non-executive Directors do not participate in Brambles' equity-based incentive schemes.

Ordinary shares	Balance at the start of the Year	Changes during the Year	Balance at the end of the Year
CURRENT NON-EXECUTIVE DIRECTORS			
A G Froggatt	14,890	10,000	24,890 ²⁸
S P Johns	47,500	-	47,500 ²⁹
S C H Kay	13,400	1,477	14,877 ³⁰
G J Kraehe AO	61,561	2,215	63,776 ³¹
C L Mayhew	16,500	-	16,500 ³²
B M Schwartz AM	10,354	2,675	13,029 ³³
FORMER NON-EXECUTIVE DIRECTOR			
J P Mullen	-	-	- ³⁴

²⁵ "Other" includes personal/spouse travel and fringe benefits tax.

²⁶ None of the Non-executive Directors received rights/awards over Brambles Limited shares during the Year, so there are no relevant share-based payment amounts for disclosure.

²⁷ The year-on-year comparison of remuneration is affected by the movement of exchange rates from A\$1=US\$0.8813 for 2010 to A\$1=US\$0.9973 for 2011.

²⁸ Of which 7,000 shares were held by Christine Joanne Froggatt and 10,000 shares were held by Equity Trustees Limited as nominee for Jessie Elizabeth Froggatt (under power of attorney).

²⁹ Of which 27,500 shares were held by Canzak Pty Limited and 20,000 were held by Caran Pty Limited.

³⁰ Of which 9,977 shares were held by the Carolyn Kay Superannuation Fund.

³¹ Held by Invia Custodians for Graham John Kraehe Private Superannuation Fund.

³² Held by Worldwide Nominees Limited.

³³ Held by Brian Schwartz and Arlene Schwartz as trustee for the Schwartz Superannuation Fund.

³⁴ Balance at the end of the Year is at 7 February 2011 for John Mullen, being his date of resignation.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

7. APPENDICES

7.1 BASIS OF VALUATION OF EQUITY-BASED AWARDS

Unless otherwise specified, the fair value of the options and share rights included in the tables in this report, has been estimated by Ernst & Young Transaction Advisory Services in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. Assumptions used in the evaluations are outlined in Note 28, page 103 of the financial accounts.

7.2 SUMMARY OF 2006 PLANS

The table below contains details of the 2006 Share Plan and MyShare Plan under which former or current Disclosable Executives have unvested and/or unexercised awards which could affect remuneration in this or future reporting periods.

Plan	Nature of award	Size of award	Vesting condition	Vesting schedule	Performance/ vesting period	Life of award
2006 Share Plan (STI)	Share rights	Up to 100% of size of STI cash award	Time only.	100% vesting based on continuous employment.	Three years.	Maximum of six years.
2006 Share Plan (Enhanced STI)	Share rights	Up to 50% of size of STI Share Award	Time and relative TSR hurdle (between 37th and 25th out of 100).	4% vesting if TSR is ranked 37th out of 100 companies. 100% vesting if 25th or better.	Three years.	Maximum of six years.
2006 Share Plan (TSR LTI)	Share rights	% of salary/TFR	Time and relative TSR hurdle (between 50th and 25th out of 100).	30% vesting if TSR is ranked 50th out of 100 companies. 100% vesting if 25th or better.	Three years.	Maximum of six years.
2006 Share Plan (TSR LTI)	Share rights	% of salary/TFR	Time and relative TSR hurdle.	40% vesting if TSR is equal to the median ranked company. 100% vesting if 25% above the median ranked company.	Three years.	Maximum of six years.
2006 Share Plan (FY09-FY11 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance.	20% vesting occurs if CAGR is 7% and BVA is US\$2,000M over three year period. 100% vesting occurs if CAGR is 11% and BVA is US\$2,200M over three year period.	Three years.	Maximum of six years.
2006 Share Plan (FY10-FY12 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance.	30% vesting occurs if CAGR is 3% and BVA is US\$1,000M over three year period. 100% vesting occurs if CAGR is 6% and BVA is US\$1,200M over three year period.	Three years.	Maximum of six years.
2006 Share Plan (FY11-FY13 BVA LTI)	Share rights	% of salary/TFR	Time and sales revenue CAGR and BVA performance.	30% vesting occurs if CAGR is 4% and BVA is US\$1,100M over three year period. 100% vesting occurs if CAGR is 7% and BVA is US\$1,300M over three year period.	Three years.	Maximum of six years.
MyShare	Matching Awards	1:1 Matching Awards for every Acquired Share purchased	Time and retention of Acquired Shares.	N/A	Two years from first acquisition.	Automatic exercise on second anniversary of first acquisition.

7.3 SHARE RIGHTS

The terms and conditions of each grant of share rights affecting remuneration in this or future reporting periods are outlined in the table below. Share rights granted under the plans carry no dividend or voting rights:

Plan	Plan number	Grant date	Expiry date	Exercise price	Value at grant	Status/vesting date
2006 Share Plans	1	19 January 2007 ³⁵ ³⁶	31 August 2012	-	A\$12.60	100% vested and exercisable from 19 January 2010
	2	29 August 2007 ³⁵	30 August 2013 ³⁷	-	A\$12.64	29 August 2010
	3	29 August 2007 ³⁸	30 August 2013 ³⁷	-	A\$6.75	29 August 2010
	4	29 August 2007 ³⁹	30 August 2013 ³⁷	-	A\$8.11	29 August 2010
	5	19 March 2008 ⁴⁰	2 March 2014 ³⁷	-	A\$8.84	1 March 2011
	6	28 April 2008 ³⁵	29 April 2014 ³⁷	-	A\$8.01	28 April 2011
	7	27 August 2008 ³⁵	27 August 2014 ³⁷	-	A\$6.53	27 August 2011
	8	27 August 2008 ³⁹	27 August 2014 ³⁷	-	A\$5.99	27 August 2011
	9	27 August 2008 ⁴¹	27 August 2014 ³⁷	-	A\$4.67	27 August 2011
	10	1 June 2009	1 July 2010	-	A\$5.75	100% vested at 1 June 2010
	11	1 June 2009	1 July 2011	-	A\$5.55	100% vested at 1 June 2011
	12	25 November 2009 ³⁵	25 November 2015 ³⁷	-	A\$5.85	25 November 2012
	13	25 November 2009 ³⁹	25 November 2015 ³⁷	-	A\$5.85	25 November 2012
	14	25 November 2009 ⁴¹	25 November 2015 ³⁷	-	A\$3.84	25 November 2012
	15	24 November 2010 ³⁵	24 November 2016 ³⁷	-	A\$6.01	25 November 2013
	16	24 November 2010 ³⁹	24 November 2016 ³⁷	-	A\$6.01	25 November 2013
	17	24 November 2010 ⁴¹	24 November 2016 ³⁷	-	A\$3.78	25 November 2013

³⁵ STI awards vest on the third anniversary of their grant date, subject to continued employment.

³⁶ Awards granted on 19 January 2007 were, for pricing and vesting purposes, taken to have been granted on 30 August 2006.

³⁷ Awards granted to Elton Potts, Tom Gorman, Kevin Shuba, Jim Infinger and Jim Ritchie expire three years earlier than the date shown, or immediately after vesting, if earlier.

³⁸ Enhanced STI awards vest on the third anniversary of their grant date, subject to continued employment and meeting a TSR performance condition.

³⁹ These LTI awards vest on the third anniversary of their grant date, subject to continued employment and meeting a TSR performance condition.

⁴⁰ Awards granted on 19 March 2008 were, for pricing and vesting purposes, taken to have been granted on 1 March 2008.

⁴¹ These LTI awards vest on the third anniversary of their grant date, subject to continuing employment and meeting a sales revenue CAGR and BVA performance condition.

DIRECTORS' REPORT - REMUNERATION REPORT - CONTINUED

Plan	Plan number	Grant date	Expiry date	Exercise price	Value at grant	Status/vesting date
MyShare	18	31 March 2009 ⁴²	1 April 2011	-	A\$5.09	100% vested on 31 March 2011
	19	30 April 2009 ⁴²	1 April 2011	-	A\$5.97	100% vested on 31 March 2011
	20	29 May 2009 ⁴²	1 April 2011	-	A\$5.91	100% vested on 31 March 2011
	21	30 June 2009 ⁴²	1 April 2011	-	A\$5.91	100% vested on 31 March 2011
	22	31 July 2009 ⁴²	1 April 2011	-	A\$5.67	100% vested on 31 March 2011
	23	31 August 2009 ⁴²	1 April 2011	-	A\$6.99	100% vested on 31 March 2011
	24	30 September 2009 ⁴²	1 April 2011	-	A\$7.79	100% vested on 31 March 2011
	25	30 October 2009 ⁴²	1 April 2011	-	A\$6.76	100% vested on 31 March 2011
	26	30 November 2009 ⁴²	1 April 2011	-	A\$6.30	100% vested on 31 March 2011
	27	31 December 2009 ⁴²	1 April 2011	-	A\$6.46	100% vested on 31 March 2011
	28	29 January 2010 ⁴²	1 April 2011	-	A\$6.23	100% vested on 31 March 2011
	29	26 February 2010 ⁴²	1 April 2011	-	A\$6.59	100% vested on 31 March 2011
	30	31 March 2010 ⁴³	1 April 2012	-	A\$7.00	31 March 2012
	31	30 April 2010 ⁴³	1 April 2012	-	A\$6.92	31 March 2012
	32	31 May 2010 ⁴³	1 April 2012	-	A\$6.31	31 March 2012
	33	30 June 2010 ⁴³	1 April 2012	-	A\$5.13	31 March 2012
	34	30 July 2010 ⁴³	1 April 2012	-	A\$5.18	31 March 2012
	35	31 August 2010 ⁴³	1 April 2012	-	A\$5.60	31 March 2012
	36	30 September 2010 ⁴³	1 April 2012	-	A\$5.91	31 March 2012
	37	29 October 2010 ⁴³	1 April 2012	-	A\$6.00	31 March 2012
	38	30 November 2010 ⁴³	1 April 2012	-	A\$6.47	31 March 2012
	39	31 December 2010 ⁴³	1 April 2012	-	A\$6.74	31 March 2012
	40	31 January 2011 ⁴³	1 April 2012	-	A\$6.80	31 March 2012
	41	28 February 2011 ⁴³	1 April 2012	-	A\$6.68	31 March 2012
	42	31 March 2011 ⁴⁴	1 April 2013	-	A\$6.73	31 March 2013
	43	29 April 2011 ⁴⁴	1 April 2013	-	A\$6.48	31 March 2013
	44	31 May 2011 ⁴⁴	1 April 2013	-	A\$6.94	31 March 2013
	45	30 June 2011 ⁴⁴	1 April 2013	-	A\$6.76	31 March 2013
	46	29 July 2011 ⁴⁴	1 April 2013	-	A\$6.58	31 March 2013

⁴² These Matching Awards granted under MyShare vested on 31 March 2011, subject to continued employment and the retention of the associated Acquired Shares. On vesting they were automatically exercised.

⁴³ These Matching Awards granted under MyShare vest on 31 March 2012, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

⁴⁴ These Matching Awards granted under MyShare vest on 31 March 2013, subject to continuing employment and the retention of the associated Acquired Shares. On vesting they are automatically exercised.

7.4 SHARE BASED PAYMENTS - FUTURE POTENTIAL

The table below provides annual accounting values for shares granted during calendar years 2008-2010 which have been amortised over three years. These share awards are subject to conditions set out in section 7.2. Remuneration will normally not be received as a result of the underlying share awards vesting until the conditions have been met.

			Share based payment		
Name	Year	Total before equity US\$'000	Awards US\$'000	as % of 2011 total remuneration	Total US\$'000
EXECUTIVE DIRECTORS					
T J Gorman	2011	2,987	823	22%	3,810
	2010	2,366	438	16%	2,804
G J Hayes	2011	2,541	500	16%	3,041
	2010	1,154	288	20%	1,442
Totals	2011	5,528	1,323	-	6,851
	2010	3,520	726	-	4,246
CURRENT KEY MANAGEMENT PERSONNEL					
J R A Judd	2011	951	269	22%	1,220
	2010	914	242	21%	1,156
P S Mackie	2011	1,409	217	13%	1,626
	2010	941	122	11%	1,063
K Pohler	2011	559	109	16%	668
	2010	-	-	-	-
E E Potts	2011	910	300	25%	1,210
	2010	876	320	27%	1,196
J D Ritchie	2011	917	394	30%	1,311
	2010	1,025	375	27%	1,400
K J Shuba	2011	1,049	304	22%	1,353
	2010	849	243	22%	1,092
N P Smith	2011	1,041	279	21%	1,320
	2010	917	120	12%	1,037
R J Westerbos	2011	1,411	80	5%	1,491
	2010	676	-	0%	676
FORMER KEY MANAGEMENT PERSONNEL					
J L Infinger	2011	446	83	16%	529
	2010	822	291	26%	1,113
Totals	2011	8,693	2,035	-	10,728
	2010	7,020	1,713	-	8,733

Luke Mayhew

Luke Mayhew
Non-executive Director and Chairman of the Remuneration Committee
17 August 2011

DIRECTORS' REPORT - OTHER INFORMATION

The information presented in this Report relates to the consolidated entity, the Brambles Group, consisting of Brambles Limited and the entities it controlled at the end of, or during the year ended 30 June 2011 (Year).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the Year were the provision of pallet and container pooling and supply chain services and information management services. Brambles is a leading global provider of these services.

At the beginning of the Year, the Group's principal operations comprised two main businesses, CHEP and Recall. CHEP owns a pool of pallets and containers, which it issues, collects and reissues through a network of service centres in multiple countries. Manufacturers, producers, distributors and retailers use these pallets and containers to transport their products safely and efficiently through the supply chain. In addition, CHEP provides supply chain optimisation and transport management services. Recall is a global leader in the management of information, providing secure storage, digitisation, retrieval and destruction of information in multiple media formats.

On 31 March 2011, Brambles acquired IFCO. This business operates a pool of reusable plastic containers globally, which are used primarily to transport fresh produce from producers to grocery retailers. It also provides a national network of pallet management services, to sort, repair and reissue pallets in the USA.

During the Year, Brambles also acquired three small businesses: Container and Pooling Solutions (a USA-based provider of intermediate bulk containers and automotive containers); Unitpool (an airline container pooling business); and JMI (a non-flight critical aviation equipment maintenance and repair business).

Other than as described above, there were no significant changes in the nature of the Group's principal activities during the Year.

REVIEW OF OPERATIONS & RESULTS

A review of the Group's operations and a review of the results of those operations are given in the Letter from the Chairman & the CEO on pages 1 to 2, the Operational & Financial Review on pages 4 to 11 and in the Treasury & Risk Review on pages 12 to 13.

Information about the financial position of the Group is included in the Operational & Financial Review on pages 4 to 11 and in the Five-Year Financial Performance Summary on page 131.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The only significant change in the state of affairs of Brambles during the Year was the acquisition of IFCO for an enterprise value of €923 million.

MATTERS SINCE THE END OF THE FINANCIAL YEAR

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

To deliver the strategy of focussing on its global pooling solutions business and to optimise on efficiencies, on 17 August 2011 Brambles also announced a new management and organisation structure, effective 1 October 2011, details of which are in the Letter from the Chairman & the CEO on page 1.

Other than this, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2011 up to the date of this Report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

BUSINESS STRATEGIES & PROSPECTS FOR FUTURE FINANCIAL YEARS

The business strategies and prospects for future financial years, together with likely developments in the operations of the Group in future financial years and the expected results of those operations known at the date of this Report, are set out in the Letter from the Chairman & the CEO on pages 1 and 2 and in the Operational & Financial Review on pages 4 to 11. Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS

The Directors have declared a final dividend for the Year of 13.0 Australian cents per share, which will be 20% franked. The dividend will be paid on Thursday, 13 October 2011 to shareholders on the register on Wednesday, 21 September 2011. On 14 April 2011, an interim dividend for the Year was paid, which was 13.0 Australian cents per share and 20% franked. On 14 October 2010, a final dividend for the year ended 30 June 2010 was paid, which was 12.5 Australian cents per share and 20% franked. The unfranked component of each dividend paid during the Year was conduit foreign income. This means that no Australian dividend withholding tax was payable on the dividends that Brambles paid to non-resident shareholders.

DIRECTORS

The name of each person who was a Director of Brambles Limited at any time during, or since the end of the Year, and the period for which they served as a Director during the Year, is set out below. The qualifications, experience and special responsibilities for Directors are set out on pages 24 to 25.

Anthony Grant Froggatt	1 July 2010 to date
Thomas Joseph Gorman	1 July 2010 to date
Gregory John Hayes	1 July 2010 to date
Stephen Paul Johns	1 July 2010 to date
Sarah Carolyn Hailes Kay	1 July 2010 to date
Graham John Kraehe AO	1 July 2010 to date
Christopher Luke Mayhew	1 July 2010 to date
John Patrick Mullen	1 July 2010 to 7 February 2011
Brian Martin Schwartz AM	1 July 2010 to date

SECRETARY

Details of the qualifications and the experience of the Company Secretary of Brambles Limited are as follows: Robert Nies Gerrard joined Brambles in 2003 as Senior Counsel and was appointed Group Company Secretary in February 2008. Prior to joining Brambles, he was General Counsel to, and Company Secretary of, Roc Oil Company Limited; Group Legal Manager, Cairn Energy plc; General Counsel to, and Company Secretary of, Command Petroleum Limited; and a solicitor with Allen Allen & Hemsley. He holds a Masters of Law (LLM) from the University of Sydney and Bachelor of Science (BSc) and Bachelor of Law (LLB) degrees from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales.

INDEMNITIES

Indemnities provided to Directors and officers in accordance with the constitution of Brambles Limited are detailed in Note 36 on page 125. Insurance policies are in place to cover Directors and executive officers, however, the terms of the policies prohibit disclosure of the details of the insurance cover and the premiums paid.

DIRECTORS' MEETINGS

Details of the Board committee memberships are given in the Corporate Governance Statement on pages 29, 32 and 36. The following table shows the actual Board and committee meetings held during the Year and the number attended by each Director or committee member.

Directors	Board meetings											
	Regular		Special		Special Committees		Audit Committee meetings		Remuneration Committee meetings		Nominations Committee meetings	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
CURRENT DIRECTORS												
A G Froggatt	12	13	2	2	-	-	-	-	5	5	3	3
T J Gorman	13	13	2	2	3	3	-	-	-	-	-	-
G J Hayes	13	13	2	2	3	3	-	-	-	-	-	-
S P Johns	12	13	2	2	3	3	6	6	-	-	3	3
S C H Kay	13	13	2	2	-	-	6	6	-	-	-	-
G J Kraehe AO	13	13	2	2	3	3	-	-	5	5	3	3
C L Mayhew	13	13	2	2	-	-	-	-	5	5	-	-
B M Schwartz AM	13	13	2	2	-	-	6	6	-	-	-	-
FORMER DIRECTOR												
J P Mullen ^(c)	7	8	2	2	-	-	-	-	2	3	-	-

^(a) The number of meetings attended during the period the Director was a member of the Board or relevant committee which the Director was eligible to attend.

^(b) The number of meetings held while the Director was a member of the Board or relevant committee which the Director was eligible to attend.

^(c) John Mullen resigned as a Director on 7 February 2011.

DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following lists the directorships held by the Directors in listed companies (other than Brambles Limited) since 30 June 2008.

Director	Listed company	Period directorship held
A G Froggatt	AXA Asia Pacific Holdings Limited	2008 to 2011
	Billabong International Limited	2008 to current
	Coca-Cola Amatil Limited	2010 to current
T J Gorman	IFCO Systems N.V.	2011 to current
G J Hayes	None	-
S P Johns	Leighton Holdings Limited	2009 to current
	Spark Infrastructure Group	2005 to current
	Westfield Group:	
	Westfield Holdings Limited	1985 to current
	Westfield America Trust (director of responsible entity, Westfield America Management Limited)	1996 to current
S C H Kay	Westfield Trust and Carindale Property Trust (director of responsible entity, Westfield Management Limited)	1985 to current
	Commonwealth Bank of Australia	2003 to current
G J Kraehe AO	Bluescope Steel Limited	2002 to current
	Djerriwarrh Investments Limited	2002 to current
C L Mayhew ^(a)	WH Smith plc	2006 to 2010
B M Schwartz AM	Insurance Australia Group Limited	2005 to current
	IAG Finance (New Zealand) Limited	2008 to current
	Westfield Group:	
	Westfield Holdings Limited	2009 to current
	Westfield America Trust (director of responsible entity, Westfield America Management Limited)	2009 to current
	Westfield Trust and Carindale Property Trust (director of responsible entity, Westfield Management Limited)	2009 to current

^(a) Luke Mayhew was appointed a director of InterContinental Hotels Group plc on 1 July 2011

DIRECTORS' REPORT - OTHER INFORMATION - CONTINUED

ENVIRONMENT

Brambles' Environmental Policy is set by the Board. It applies in all countries where Brambles operates and will be rolled out to IFCO in FY12 as part of the plan for integrating IFCO into the Group. The Environmental Policy provides that Brambles will act with integrity and respect for the community and the environment and be committed to sound environmental practice in its daily operations. It is a minimum requirement that all Brambles operations comply with all relevant environmental laws and regulations. Additionally, employees are expected to care for the environment by adopting a specified set of environmental principles. Every business unit must ensure that those principles are adhered to, including in countries that may not yet have enacted laws for the protection of the environment.

Brambles has set environmental performance targets. Reporting of performance against those targets is shown on pages 17 to 20 of the Sustainability Review. A copy of the complete Environmental Policy is set out in Brambles' Code of Conduct, which is available at www.brambles.com.

OCCUPATIONAL HEALTH & SAFETY

The Board is responsible for setting Brambles' Health and Safety Policy, which states that Brambles is to provide and maintain a healthy and safe working environment and to prevent injury, illness or impairment to the health of employees, contractors, customers or the public.

Brambles is committed to achieving Zero Harm. The Zero Harm Charter, which sets out the vision, values and behaviours and commitment required to work safely and ensure environmental compliance, is provided to all employees and, together with the complete Health and Safety Policy, is on the Brambles website at www.brambles.com. The Charter and policy will be rolled out to IFCO in FY12 as part of the plan for integrating IFCO into the Group.

The Chief Executive Officer together with the Group Presidents of CHEP and the Group President and Chief Operating Officer of Recall are responsible for policy implementation and safety performance.

Health and safety performance indicators measure compliance with corporate objectives and milestones, allow assessment of progress and comparison with industry benchmarks and provide incentives for improvement. Reporting on health and safety performance is shown in the Safety & Wellbeing section of the Sustainability Review on page 21.

EMPLOYEES

Pages 20 to 22 of the Sustainability Review contain details of Brambles' performance as an employer - see the Employee Engagement, Attracting & Retaining Talent: Leadership, Diversity & Inclusion and Training & Development sections.

INNOVATION, RESEARCH & DEVELOPMENT

Innovation, whether of an incremental or step-change nature, is integral to Brambles' growth strategy.

Brambles is focusing on three key areas: innovating to address customers' current and future needs; accelerating tomorrow's growth opportunities; and fostering and driving a culture of innovation.

During the Year, Brambles launched an Innovation Fund, which has already reviewed and funded a significant number of early-stage new business ideas.

Brambles carries out research and development activities in relation to both its CHEP and Recall businesses. These activities comprise:

- continuously testing its pallets, containers and other platforms to make them more durable, sustainable and safer for use in the supply chain;

- enhancing existing, and developing new designs of pallets, containers and other supply chain platforms, for both new and existing markets;
- improving pallet and container repair processes and equipment;
- testing and developing unique identifier technologies, including radio frequency identification; and
- research into and development of new service offerings, information technology and software solutions, and information and document management processes.

ENVIRONMENTAL REGULATION

Except as set out below, the operations of the Group in Australia are not subject to any particular and significant environmental regulation under a law of the Commonwealth or a State or Territory. The operations of the Group in Australia involve the use or development of land, the use of transportation equipment and the transport of goods. These operations may be subject to State, Territory or Local government environmental and town planning regulations, or require a licence, consent or approval from Commonwealth, State or Territory regulatory bodies. There were no material breaches of environmental statutory requirements and no material prosecutions during the Year.

Brambles' businesses comply with all relevant environmental laws and regulations and none were involved in any material environmental prosecutions during the Year.

INTERESTS IN SECURITIES

Pages 48, 49 and 51 of the Directors' Report - Remuneration Report include details of the relevant interests of Directors, and other Group Executives whose details are required to be disclosed, in shares and other securities of Brambles Limited.

SHARE CAPITAL, OPTIONS & SHARE RIGHTS

Details of the changes in the issued share capital of Brambles Limited and share rights and MyShare matching share rights outstanding over Brambles Limited ordinary shares at the Year end are given in Notes 27 and 28 on pages 101 to 103. No options, share rights or MyShare matching share rights over the shares of Brambles Limited's controlled entities were granted during or since the end of the Year to the date of this Report.

Since the end of the Year to the date of this Report, the following grants, exercises and forfeits in options, performance share rights and MyShare matching share rights over Brambles Limited ordinary shares have taken place, broken down by reference to the plan numbers shown on pages 53 to 54 of the Remuneration Report:

- 52,434 grants: 666 under the 2010 MyShare offer (plan numbers 30 to 41) and 51,768 under the 2011 MyShare offer (plan numbers 42 to 46);
- 43,313 exercises, resulting in the issue of fully paid ordinary shares: 638 under the 2009 MyShare offer (plan numbers 18 to 29), 7,781 under the 2010 MyShare offer (plan numbers 30 to 41), 3,085 under the 2011 MyShare offer (plan numbers 42 to 46), 15,000 under plan 2 and 16,809 under plan 7; and
- 1,713,650 lapses: 11,630 under the 2010 MyShare offer (plan numbers 30 to 41), 4,879 under the 2011 MyShare offer (plan numbers 42 to 46), 458,318 under plan 8, 1,083,938 under plan 9, 10,593 under plan 12, 25,180 under plan 13, 25,180 under plan 14, 10,998 under plan 15, 41,467 under plan 16 and 41,467 under plan 17.

SHARE BUY-BACKS

No ordinary shares were bought-back and cancelled during the Year. There is no current on-market buy-back in operation.

RISK MANAGEMENT

A discussion of Brambles' risk profile, management and mitigation of risks can be found in the Treasury & Risk Review on pages 12 and 13 and the Corporate Governance Statement on pages 34 to 35.

TREASURY POLICIES

A discussion of the implementation of treasury policies and mitigation of treasury risks can be found in the Treasury & Risk Review on pages 12 and 13.

NON-AUDIT SERVICES

The amount of US\$1,777,000 was paid or is payable to PricewaterhouseCoopers, the Group's auditors, for non-audit services provided during the Year by them (or another person or firm on their behalf). These services primarily related to financial due diligence for the acquisition of IFCO, compliance services, regulatory reporting and tax consulting advice. The Audit Committee has reviewed the provision of non-audit services by PricewaterhouseCoopers and its related practices and provided the Directors with formal written advice of a resolution passed by the Audit Committee. Consistent with this advice, the Directors are satisfied that the provision of non-audit services by PricewaterhouseCoopers and its related practices did not compromise the auditor independence requirements of the Act for the following reasons: the nature of the non-audit services provided during the Year; the quantum of non-audit fees compared to overall audit fees; and the pre-approval, monitoring and ongoing review requirements under the Audit Committee Charter and the Charter of Audit Independence in relation to non-audit work.

The auditors have also provided the Audit Committee with a letter confirming that, in their professional judgement, as at 5 August 2011, they have maintained their independence in accordance with their firm's requirements, with the provisions of APES 110 - Code of Ethics for Professional Accountants and the applicable provisions of the Act. On the same basis, they also confirmed that the objectivity of the audit engagement partners and the audit staff is not impaired.


AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Act is set out on page 130.

ANNUAL GENERAL MEETING

The AGM will be held at 2.00pm (AEDT) on 10 November 2011 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

This Directors' Report is made in accordance with a resolution of the Board.



G J Kraehe AO
Chairman



T J Gorman
Chief Executive Officer
17 August 2011

SHAREHOLDER INFORMATION

DIRECTORS

G J Kraehe AO
(Non-executive Chairman)

A G Foggatt
(Non-executive Director)

T J Gorman
(Chief Executive Officer)

G J Hayes
(Chief Financial Officer)

S P Johns
(Non-executive Director)

S C H Kay
(Non-executive Director)

C L Mayhew
(Non-executive Director)

B M Schwartz AM
(Non-executive Director)

COMPANY SECRETARY

R N Gerrard

STOCK EXCHANGE LISTING

Brambles' ordinary shares are listed on the Australian Securities Exchange and are traded under the stock code "BXX".

UNCERTIFICATED FORMS OF SHAREHOLDING

Brambles' ordinary shares are held in uncertificated form. There are two types of uncertificated holdings:

Issuer Sponsored Holdings: This type of holding is recorded on a subregister of the Brambles share register, maintained by Brambles. If your holding is recorded on the issuer sponsored subregister, you will be allocated a Securityholder Reference Number or SRN, which is a unique number used to identify your holding of ordinary shares in Brambles.

Broker Sponsored Holdings: This type of holding is recorded on the main Brambles share register. Shareholders who are sponsored by an ASX market participant broker will be allocated a Holder Identification Number or HIN. One HIN can relate to an investor's shareholdings in multiple companies. For example, a shareholder with a portfolio of holdings which are managed by a broker would have the same HIN for each shareholding.

SHARE SALE FACILITY

Ordinarily, Issuer Sponsored shareholders must establish a relationship with a broker in order to sell their shares. However, Brambles' share registry provides Issuer Sponsored shareholders with an alternative to traditional share sale services. If you would like to take advantage of this service to sell your entire Brambles shareholding, please contact Link Market Services at the address set out in Contact Information on the back cover of the Annual Report. Please note that under anti-money laundering regulations, Link Market Services may require shareholders to complete an identification information form.

If you are a Broker Sponsored shareholder, please contact your broker if you wish to sell your Brambles shares.

DIVIDEND

Shareholders may elect to receive dividend payments in Australian dollars or Pounds sterling, by contacting Link Market Services at the address set out in Contact Information on the back cover of the Annual Report.

ANNUAL GENERAL MEETING

The Brambles Limited 2011 AGM will be held at 2.00pm (AEDT) on 10 November 2011 at The Wesley Theatre, Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000.

FINANCIAL CALENDAR

Final dividend 2011

Ex dividend date - Thursday, 15 September 2011

Record date - Wednesday, 21 September 2011

Payment date - Thursday, 13 October 2011

2012 (Provisional)

Announcement of interim results - mid February

Interim dividend - mid April

Announcement of final results - mid August

Final dividend - mid October

AGM - October

ANALYSIS OF HOLDERS OF EQUITY SECURITIES AS AT 12 AUGUST 2011

Substantial shareholders

Brambles has been notified of the following substantial shareholdings:

Holder	Number of ordinary shares	% of issued ordinary share capital ⁽¹⁾
Baillie Gifford & Co	86,308,065	6.07
Commonwealth Bank of Australia and its subsidiaries	91,384,538	6.42

⁽¹⁾ Percentages are as disclosed in substantial holding notices given to Brambles Limited.

Number of ordinary shares on issue and distribution of holdings

	Holders	Shares
1 - 1,000	29,184	14,861,911
1,001 - 5,000	28,958	69,246,978
5,001 - 10,000	5,371	38,393,786
10,001 - 100,000	3,169	66,856,807
100,001 and over	178	1,290,051,285
Total	66,860	1,479,410,767

The number of members holding less than a marketable parcel of 79 ordinary shares (based on a market price of A\$6.40 on 12 August 2011) is 1,518 and they hold a total of 66,028 ordinary shares. The voting rights of ordinary shares are described on page 62.

Number of share rights on issue and distribution of holdings

	Holders	Share rights
1 - 1,000	1,860	555,305
1,001 - 5,000	172	312,269
5,001 - 10,000	17	115,210
10,001 - 100,000	88	3,800,578
100,001 and over	26	5,614,676
Total	2,163	10,398,038

The voting rights of performance share rights and MyShare Matching Awards are described on page 62.

SHAREHOLDER INFORMATION - CONTINUED

Twenty largest ordinary shareholders

Name	Number of ordinary shares	% of share capital
HSBC Custody Nominees (Australia) Limited	395,593,356	26.74
J P Morgan Nominees Australia Limited	316,124,378	21.37
National Nominees Limited	285,401,550	19.29
Citicorp Nominees Pty Limited	95,407,997	6.45
Cogent Nominees Pty Limited	35,495,667	2.40
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	22,879,992	1.55
J P Morgan Nominees Australia Limited <Cash Income A/C>	13,857,745	0.94
AMP Life Limited	13,734,755	0.93
Australian Foundation Investment Company Limited	8,475,028	0.57
RBC Dexia Investor Services Australia Nominees Pty Limited	5,533,676	0.37
Queensland Investment Corporation	5,495,353	0.37
Cogent Nominees Pty Limited <SMP Accounts>	5,130,343	0.35
Australian Reward Investment Alliance	4,875,424	0.33
Argo Investments Limited	4,334,610	0.29
UBS Wealth Management Australia Nominees Pty Limited	3,328,353	0.22
Citicorp Nominees Pty Limited <Cwlth Bank Off Super A/C>	2,923,832	0.20
RBC Dexia Investor Services Australia Nominees Pty Limited <Piselect A/C>	2,768,345	0.19
Djerriwarrh Investments Limited	2,586,018	0.17
Citicorp Nominees Pty Limited <BHP Billiton ADR Holders A/C>	2,279,274	0.15
Bond Street Custodians Limited <Macquarie Alpha Opport A/C>	2,038,758	0.14
Percentage of total holdings of 20 largest holders	1,228,264,454	83.02

Voting rights: ordinary shares

Brambles Limited's constitution provides that each member entitled to attend and vote may do so in person or by proxy, by attorney or, where the member is a body corporate, by representative. The Directors may also determine that at any general meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in relation to that resolution. The Directors have prescribed rules to govern direct voting which are available at www.brambles.com.

On a show of hands, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on a resolution has one vote. The Directors have determined that members who submit a direct vote will be excluded on a vote by a show of hands.

On a poll, every member present in person, by proxy, by attorney or, where the member is a body corporate, by representative and having the right to vote on the resolution has one vote for each ordinary share held. The Directors have determined that votes cast by members who submit a direct vote will be included on a vote by a poll, being one vote for each ordinary share held.

Voting rights: share rights

Performance share rights over ordinary shares and MyShare Matching Awards do not carry any voting rights.

FINANCIAL REPORT

for the year ended 30 June 2011

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CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2011

	Note	2011 US\$m	2010 US\$m
Continuing operations			
Sales revenue	5A	4,672.2	4,146.8
Other income	5A	135.0	97.0
Operating expenses	5B	(4,004.4)	(3,525.1)
Share of results of joint ventures	19C	6.4	5.8
Operating profit		809.2	724.5
Finance revenue		17.2	7.6
Finance costs		(144.7)	(117.2)
Net finance costs	8	(127.5)	(109.6)
Profit before tax		681.7	614.9
Tax expense	9	(209.9)	(171.0)
Profit from continuing operations		471.8	443.9
Profit from discontinued operations	12	3.6	4.9
Profit for the year		475.4	448.8
Profit attributable to:			
- members of the parent entity		475.3	448.8
- non-controlling interest		0.1	-
Earnings per share (cents)	10		
Total			
- basic		32.9	31.8
- diluted		32.7	31.7
Continuing operations			
- basic		32.6	31.5
- diluted		32.5	31.4

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Note	2011 US\$m	2010 US\$m
Profit for the year		475.4	448.8
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit pension plans	26E	13.9	(5.9)
Exchange differences on translation of foreign operations	29	279.0	(71.2)
Cash flow hedges	29	6.1	1.4
Income tax on other comprehensive income	9A	(5.9)	0.8
Other comprehensive income for the year		293.1	(74.9)
Total comprehensive income for the year		768.5	373.9
Total comprehensive income for the year attributable to:			
- members of the parent entity		768.4	373.9
- non-controlling interest		0.1	-

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

CONSOLIDATED BALANCE SHEET

as at 30 June 2011

	Note	2011 US\$m	2010 US\$m
ASSETS			
Current assets			
Cash and cash equivalents	14	138.5	135.5
Trade and other receivables	15	1,050.3	631.6
Inventories	16	56.5	33.5
Derivative financial instruments	17	11.3	14.5
Other assets	18	56.9	53.1
Total current assets		1,313.5	868.2
Non-current assets			
Other receivables	15	9.6	6.2
Investments	19	16.8	14.0
Property, plant and equipment	20	4,279.0	3,223.8
Goodwill	21	1,694.3	607.0
Intangible assets	22	403.7	158.6
Deferred tax assets	9	36.3	19.8
Derivative financial instruments	17	14.1	12.0
Other assets	18	0.7	0.7
Total non-current assets		6,454.5	4,042.1
Total assets		7,768.0	4,910.3
LIABILITIES			
Current liabilities			
Trade and other payables	23	1,264.3	681.4
Borrowings	24	325.6	276.0
Derivative financial instruments	17	6.1	12.2
Tax payable		102.9	78.5
Provisions	25	189.3	87.2
Total current liabilities		1,888.2	1,135.3
Non-current liabilities			
Borrowings	24	2,811.7	1,618.8
Derivative financial instruments	17	3.2	10.1
Provisions	25	20.0	34.0
Retirement benefit obligations	26	37.4	50.4
Deferred tax liabilities	9	529.1	408.2
Other liabilities	23	27.0	20.9
Total non-current liabilities		3,428.4	2,142.4
Total liabilities		5,316.6	3,277.7
Net assets		2,451.4	1,632.6
EQUITY			
Contributed equity	27	14,370.2	13,979.6
Reserves	29	(14,716.8)	(15,007.4)
Retained earnings	29	2,797.6	2,660.1
Parent entity interest		2,451.0	1,632.3
Non-controlling interest	29	0.4	0.3
Total equity		2,451.4	1,632.6

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2011

	Note	2011 US\$m	2010 US\$m
Cash flows from operating activities			
Receipts from customers		5,210.2	4,658.5
Payments to suppliers and employees		(3,815.6)	(3,392.5)
Cash generated from operations		1,394.6	1,266.0
Dividends received from joint ventures		5.6	5.9
Interest received		5.1	2.9
Interest paid		(169.6)	(104.6)
Income taxes paid on operating activities		(222.2)	(179.9)
Net cash inflow from operating activities	31B	1,013.5	990.3
Cash flows from investing activities			
Payments for property, plant and equipment		(764.7)	(496.5)
Proceeds from sale of property, plant and equipment		100.8	88.0
Payments for intangible assets		(46.3)	(33.2)
Proceeds from disposal of businesses		-	1.3
Costs incurred on disposal of businesses		(2.1)	-
Acquisition of subsidiaries, net of cash acquired		(1,050.2)	-
Net cash outflow from investing activities		(1,762.5)	(440.4)
Cash flows from financing activities			
Proceeds from borrowings		3,184.3	2,222.9
Repayments of borrowings		(2,487.7)	(2,541.2)
Net (outflow)/inflow from hedge instruments		(9.5)	35.8
Proceeds from issues of ordinary shares		231.1	2.7
Dividends paid, net of Dividend Reinvestment Plan		(224.0)	(204.5)
Net cash inflow/(outflow) from financing activities		694.2	(484.3)
Net (decrease)/increase in cash and cash equivalents		(54.8)	65.6
Cash and deposits, net of overdrafts, at beginning of the year		123.3	54.1
Effect of exchange rate changes		11.9	3.6
Cash and deposits, net of overdrafts, at end of the year	31A	80.4	123.3

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Note	Share capital US\$m	Reserves ¹ US\$m	Retained earnings US\$m	Non- controlling interest US\$m	Total US\$m
YEAR ENDED 30 JUNE 2010						
Opening balance		13,847.6	(14,938.7)	2,520.1	0.3	1,429.3
Profit for the year		-	-	448.8	-	448.8
Other comprehensive income		-	(70.3)	(4.6)	-	(74.9)
Total comprehensive income		-	(70.3)	444.2	-	373.9
Share-based payments:						
- expense recognised		-	10.7	-	-	10.7
- shares issued		-	(9.1)	-	-	(9.1)
Transactions with owners in their capacity as owners:						
- dividends declared	29	-	-	(304.2)	-	(304.2)
- issues of ordinary shares, net of transaction costs	27	11.8	-	-	-	11.8
- issues of ordinary shares under Dividend Reinvestment Plan	27	120.2	-	-	-	120.2
Closing balance		13,979.6	(15,007.4)	2,660.1	0.3	1,632.6
YEAR ENDED 30 JUNE 2011						
Opening balance		13,979.6	(15,007.4)	2,660.1	0.3	1,632.6
Profit for the year		-	-	475.3	0.1	475.4
Other comprehensive income		-	282.8	10.3	-	293.1
Total comprehensive income		-	282.8	485.6	0.1	768.5
Share-based payments:						
- expense recognised		-	13.2	-	-	13.2
- shares issued		-	(9.2)	-	-	(9.2)
- equity component of related tax		-	3.8	-	-	3.8
Transactions with owners in their capacity as owners:						
- dividends declared	29	-	-	(348.1)	-	(348.1)
- issues of ordinary shares, net of transaction costs	27	240.8	-	-	-	240.8
- issues of ordinary shares under Dividend Reinvestment Plan	27	149.8	-	-	-	149.8
Closing balance		14,370.2	(14,716.8)	2,797.6	0.4	2,451.4

¹ Refer Note 29 for further information on reserves.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

NOTE 1. BASIS OF PREPARATION

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

The financial statements comply with International Financial Reporting Standards (IFRS). This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Urgent Issues Group Interpretations (UIG) and the requirements of the Corporations Act 2001 (Act).

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

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

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

Investment in controlled entities

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

Investment in joint ventures

Investments in joint venture entities are accounted for using the equity method in the consolidated financial statements, and include any goodwill arising on acquisition. Under this method, Brambles' share of the post-acquisition profits or losses of the joint venture is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

If Brambles' share of losses in a joint venture equals or exceeds its interest in the joint venture, Brambles does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Loans to equity accounted joint ventures under formal loan agreements are long term in nature and are included as investments.

Where there has been a change recognised directly in the joint venture's equity, Brambles recognises its share of any changes as a change in equity.

Non-current assets held for sale

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

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

Discontinued operations

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

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

Presentation currency

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

Brambles uses the US dollar as its presentation currency because:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign currency

Items included in the financial statements of each of Brambles' entities are measured using the functional currency of each entity.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are recognised directly in equity.

The results and cash flows of Brambles Limited, subsidiaries and joint ventures are translated into US dollars using the average exchange rates for the period. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Assets and liabilities of Brambles Limited, subsidiaries and joint ventures are translated into US dollars at the exchange rate ruling at the balance sheet date. The share capital of Brambles Limited is translated into US dollars at historical rates. All resulting exchange differences arising on the translation of Brambles' overseas and Australian entities are recognised as a separate component of equity.

The financial statements of foreign subsidiaries and joint ventures that report in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the balance sheet date before they are translated into US dollars.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The principal exchange rates affecting Brambles were:

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

Revenue

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

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

Other income

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

Dividends

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

Finance revenue

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

Borrowing costs

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

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

Pensions and other post-employment benefits

Payments to defined contribution pension schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where Brambles' obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Executive and employee share-based compensation plans

Incentives in the form of share-based compensation benefits are provided to executives and employees under performance share and MyShare employee share plans approved by shareholders.

Performance share awards are fair valued by qualified actuaries at their grant dates in accordance with the requirements of AASB 2: Share-based Payments, using a binomial model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight-line basis over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

Executives and employees in certain jurisdictions are provided cash incentives calculated by reference to the awards under the share-based compensation schemes (phantom shares). These phantom shares are fair valued on initial grant and at each subsequent reporting date.

The cost of such phantom shares is charged to the income statement over the relevant vesting periods, with a corresponding increase in provisions.

The fair value calculation of performance shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, Brambles reviews its estimate of the number of performance shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Significant items and Underlying profit

Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

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

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

ASSETS

Cash and cash equivalents

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

Receivables

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

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

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

Inventories

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

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

Recoverable amount of non-current assets

At each reporting date, Brambles assesses whether there is any indication that an asset, or cash generating unit to which the asset belongs, may be impaired. Where an indicator of impairment exists, Brambles makes a formal estimate of recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use.

Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognised in the income statement in the reporting period in which the write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market risk adjusted discount rate.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost, net of depreciation and any impairment, except land which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of assets, and, where applicable, an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to Brambles. Repairs and maintenance are expensed in the income statement in the period they are incurred.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The expected useful lives of PPE are generally:

- buildings 50 years
- pooling equipment 5-10 years
- other plant and equipment (owned and leased) 3-20 years

The cost of improvements to leasehold properties is amortised over the unexpired portion of the lease, or the estimated useful life of the improvement to Brambles, whichever is the shorter.

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

The carrying values of PPE are reviewed for impairment when circumstances indicate their carrying values may not be recoverable. Assets are assessed within the cash generating unit to which they belong. Any impairment losses are recognised in the income statement.

The recoverable amount of PPE is the greater of its fair value less costs to sell and its value in use. Value in use is determined as estimated future cash flows discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risk specific to the asset.

PPE is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any net gain or loss arising on derecognition of the asset is included in the income statement and presented within other income in the period in which the asset is derecognised.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill represents the excess of the cost of an acquisition over the fair value of Brambles' share of the net identifiable assets of the acquired subsidiary or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investments in joint ventures.

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

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

Intangible assets

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

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

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

The expected useful lives of intangible assets are generally:

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

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

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

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

LIABILITIES

Payables

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

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

Provisions

Provisions for liabilities are made on the basis that, due to a past event, the business has a constructive or legal obligation to transfer economic benefits that are of uncertain timing or amount.

Provisions are measured at the present value of management's best estimate at the balance sheet date of the expenditure required to settle the obligation. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks appropriate to the liability.

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

Interest bearing liabilities

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

Borrowings are classified as current liabilities unless Brambles has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee entitlements

Employee entitlements are provided by Brambles in accordance with the legal and social requirements of the country of employment. Principal entitlements are for annual leave, sick leave, long service leave and contract entitlements. Annual leave and sick leave entitlements are presented within trade and other payables.

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

Dividends

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

Leases

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating leases

The minimum lease payments under operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

Finance leases

Finance leases, which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to Brambles, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, present value of the minimum lease payments, and disclosed as property, plant and equipment held under lease. A lease liability of equal value is also recognised.

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

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

Income tax

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

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

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

Deferred tax assets and liabilities are not recognised:

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

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

Financial assets

Brambles classifies its financial assets in the following two categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets are recognised on Brambles' balance sheet when Brambles becomes a party to the contractual provisions of the instrument. Derecognition takes place when Brambles no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivatives and hedging activities

Derivative instruments used by Brambles, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, caps, collars, forward rate agreements and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of Brambles' existing underlying exposure in line with Brambles' risk management policies.

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

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

Fair value hedges

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash flow hedges

Cash flow hedges are derivatives that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

In relation to cash flow hedges to hedge forecast transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Net investment hedges

Hedges for net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and reserves in equity and the ineffective portion is recognised in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed or sold.

Derivatives that do not qualify for hedge accounting

Where derivatives do not qualify for hedge accounting, gains or losses arising from changes in their fair value are taken directly to net profit or loss for the year.

Contributed equity

Ordinary shares including share premium are classified as contributed equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of Brambles' own equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds of issue.

Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members of the parent entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and finance costs associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

EPS on Underlying profit after finance costs and tax is calculated as Underlying profit after finance costs and tax attributable to members of the parent entity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

New accounting standards and interpretations issued but not yet applied

At 30 June 2011, certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. Brambles has not early-adopted these new or amended accounting standards and interpretations in 2011.

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

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

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

Rounding of amounts

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

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying its accounting policies, Brambles has made estimates and assumptions concerning the future, which may differ from the related actual outcomes. Those estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Irrecoverable pooling equipment provisioning

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

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

Impairment of goodwill

Brambles' business units undertake an impairment review process annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. The recoverable amount of the goodwill in continuing operations is determined based on value in use calculations undertaken at the cash generating unit level. These calculations require the use of key assumptions which are set out in Note 21.

Income taxes

Brambles is a global company and is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Brambles recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. Refer to Note 9 for further details.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 4. SEGMENT INFORMATION

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

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

Segment results shown are consistent with internal management reporting. Segment performance is measured on sales, Underlying profit, cash flow from operations and Brambles Value Added (BVA). Underlying profit is the main measure of segment profit. A reconciliation between Underlying profit and operating profit is set out below.

Segment sales revenue is measured on the same basis as in the income statement. Segment sales revenue is allocated to segments based on the business stream and physical location of the business unit that invoices the customer. Intersegment revenue during the year was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, borrowings and tax balances are managed centrally and not allocated to segments.

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

By geographic origin

Americas	2,101.8	1,868.9
Europe	1,692.4	1,537.9
Australia	574.1	501.6
Other	303.9	238.4
Total	4,672.2	4,146.8

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

NOTE 4. SEGMENT INFORMATION - CONTINUED

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

	Segment assets		Segment liabilities	
	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m
By operating segment				
CHEP Americas	1,817.0	1,702.6	250.3	204.9
CHEP EMEA	1,851.8	1,499.4	420.4	339.3
CHEP Asia-Pacific	600.8	451.6	131.3	91.0
Total CHEP	4,269.6	3,653.6	802.0	635.2
IFCO	2,009.7	-	456.5	-
Recall	1,248.5	1,038.2	230.0	182.5
Brambles HQ	32.5	32.9	58.8	78.5
Total segment assets and liabilities	7,560.3	4,724.7	1,547.3	896.2
Cash and borrowings	138.5	135.5	3,137.3	1,894.8
Current tax balances	16.1	16.3	102.9	78.5
Deferred tax balances	36.3	19.8	529.1	408.2
Equity-accounted investments	16.8	14.0	-	-
Total assets and liabilities	7,768.0	4,910.3	5,316.6	3,277.7
Non-current assets by geographic origin⁵				
Americas	2,627.5	1,936.8		
Europe	2,744.8	1,270.4		
Australia	604.6	487.9		
Other	427.2	315.2		
Total	6,404.1	4,010.3		

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

² BVA is a non-statutory profit measure and represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2010 exchange rates as:

- Underlying profit; plus
- Significant items that are part of the ordinary activities of the business; less
- Average Capital Invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 5. PROFIT FROM ORDINARY ACTIVITIES - CONTINUING OPERATIONS

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

NOTE 6. SIGNIFICANT ITEMS - CONTINUING OPERATIONS

Significant items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and:

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

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

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 7. EMPLOYMENT COSTS - CONTINUING OPERATIONS

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

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

NOTE 8. NET FINANCE COSTS

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

NOTE 9. INCOME TAX

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 9. INCOME TAX - CONTINUED

	2011 US\$m	2010 US\$m
C) COMPONENTS OF AND CHANGES IN DEFERRED TAX ASSETS		
Deferred tax assets shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Employee benefits	9.5	10.5
Provisions	48.9	37.6
Losses available against future taxable income	283.3	143.5
Other	83.1	48.9
	424.8	240.5
Items recognised directly in equity		
Actuarial losses on defined benefit pension plans	4.4	3.3
Cash flow hedges	-	4.9
Share-based payments	3.8	0.3
	8.2	8.5
Set-off of deferred tax liabilities	(396.7)	(229.2)
Net deferred tax assets	36.3	19.8
Changes in deferred tax assets were as follows:		
At 1 July	19.8	7.0
Credited to the income statement	67.7	7.5
Credited directly to equity	0.3	0.6
Acquisition of subsidiary	-	-
Offset against deferred tax liabilities	(54.6)	5.1
Currency variations	3.1	(0.4)
At 30 June	36.3	19.8

Deferred tax assets are recognised for carried forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. At reporting date, Brambles has unused tax losses of US\$1,382.8 million (2010: US\$569.0 million) available for offset against future profits. A deferred tax asset has been recognised in respect of US\$855.8 million (2010: US\$395.0 million) of such losses.

The benefit for tax losses will only be obtained if:

- Brambles derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- Brambles continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect Brambles in realising the benefit from the deductions for the losses.

No deferred tax asset has been recognised in respect of the remaining unused tax losses of US\$527.0 million (2010: US\$174.0 million) due to the unpredictability of future profit streams in the relevant jurisdictions. Tax losses of US\$376.5 million will expire between 2012 and 2022. All other losses may be carried forward indefinitely.

NOTE 9. INCOME TAX - CONTINUED

	2011 US\$m	2010 US\$m
D) COMPONENTS AND CHANGES IN DEFERRED TAX LIABILITIES		
Deferred tax liabilities shown in the balance sheet are represented by cumulative temporary differences attributable to:		
Items recognised through the income statement		
Accelerated depreciation for tax purposes	716.4	538.1
Other	202.5	99.3
	918.9	637.4
Items recognised in the statement of comprehensive income		
Cash flow hedges	6.9	-
	6.9	-
Set-off of deferred tax assets	(396.7)	(229.2)
Net deferred tax liabilities	529.1	408.2
Changes in deferred tax liabilities were as follows:		
At 1 July	408.2	449.9
Charged/(credited) to the income statement	46.6	(37.1)
Charged to the statement of comprehensive income	2.1	-
Acquisition of subsidiary	89.5	-
Offset against deferred tax asset	(54.6)	5.1
Currency variations	37.3	(9.7)
At 30 June	529.1	408.2

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

E) TAX CONSOLIDATION

Brambles Limited and its Australian subsidiaries formed a tax consolidated group in 2006. Brambles Limited, as the head entity of the tax consolidated group, and its Australian subsidiaries have entered into a tax sharing agreement in order to allocate income tax expense. The tax sharing agreement uses a stand-alone basis of allocation. Consequently, Brambles Limited and its Australian subsidiaries account for their own current and deferred tax amounts as if they each continue to be taxable entities in their own right. In addition, the agreement provides funding rules setting out the basis upon which subsidiaries are to indemnify Brambles Limited in respect of tax liabilities and the methodology by which subsidiaries in tax loss are to be compensated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 10. EARNINGS PER SHARE

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

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details are set out in Note 28.

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

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

NOTE 11. DIVIDENDS

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

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

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

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

The amounts above represent the balance of the franking account as at the end of the year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The final 2011 dividend has been franked at 20%.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 12. DISCONTINUED OPERATIONS

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

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

NOTE 13. BUSINESS COMBINATIONS

ACQUISITIONS

A) Unitpool AG

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

B) Container and Pooling Solutions

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

C) IFCO Systems NV

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

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

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

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

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

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

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

NOTE 13. BUSINESS COMBINATIONS - CONTINUED

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

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

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

D) JMI Aerospace Limited

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

E) Other

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 14. CASH AND CASH EQUIVALENTS

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

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

Refer to Note 30 for other financial instruments disclosures.

NOTE 15. TRADE AND OTHER RECEIVABLES

Current

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

Non-current

Other receivables	9.6	6.2
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A) PROVISION FOR DOUBTFUL RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for doubtful receivables is established when there is a level of uncertainty as to the full recoverability of the receivable, based on objective evidence. A provision of US\$7.9 million (2010: US\$2.9 million) has been recognised as an expense in the current year for specific trade and other receivables for which such evidence exists.

Movements in the provision for doubtful receivables were as follows:

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

NOTE 15. TRADE AND OTHER RECEIVABLES - CONTINUED

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

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

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

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

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

Past due 0-30 days but not impaired	6.1	6.7
Past due 31-60 days but not impaired	0.9	3.3
Past due 61-90 days but not impaired	1.0	3.8
Past 90 days but not impaired	47.8	21.5
	55.8	35.3

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

Refer to Note 30 for other financial instruments disclosures.

NOTE 16. INVENTORIES

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 17. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m
	Current assets		Current liabilities	
Interest rate swaps - cash flow hedges	0.1	-	5.7	8.1
Interest rate swaps - fair value hedges	9.6	8.4	-	-
Forward foreign exchange contracts - cash flow hedges	-	-	0.3	0.2
Forward foreign exchange contracts - held for trading	1.6	6.1	0.1	3.9
	11.3	14.5	6.1	12.2

	Non-current assets		Non-current liabilities	
Interest rate swaps - cash flow hedges	-	0.1	3.2	7.1
Interest rate swaps - fair value hedges	13.1	11.5	-	3.0
Embedded derivatives	1.0	0.4	-	-
	14.1	12.0	3.2	10.1

Refer to Note 30 for other financial instruments disclosures.

NOTE 18. OTHER ASSETS

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

NOTE 19. INVESTMENTS

A) JOINT VENTURES

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

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

	2011 US\$m	2010 US\$m
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B) MOVEMENT IN CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURES

At 1 July	14.0	13.8
Share of results after income tax (Note 19C)	6.4	5.8
Dividends received/receivable	(5.6)	(5.9)
Foreign exchange differences	2.0	0.3
At 30 June	16.8	14.0

	2011 US\$m	2010 US\$m
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C) SHARE OF RESULTS OF JOINT VENTURES

Trading revenue	14.5	12.5
Expenses	(6.8)	(5.6)
Profit from ordinary activities before tax	7.7	6.9
Tax expense on ordinary activities	(1.3)	(1.1)
Profit for the year	6.4	5.8

D) SHARE OF ASSETS AND LIABILITIES OF JOINT VENTURES

Current assets	4.8	3.7
Non-current assets	16.5	14.2
Total assets	21.3	17.9

Current liabilities	3.5	3.0
Non-current liabilities	1.0	0.9
Total liabilities	4.5	3.9

Net assets - continuing operations	16.8	14.0
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E) SHARE OF COMMITMENTS AND CONTINGENT LIABILITIES OF JOINT VENTURES

Contingent liabilities	0.5	0.5
Lease commitments	2.4	1.8
Total - continuing operations	2.9	2.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 20. PROPERTY, PLANT AND EQUIPMENT

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

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

NOTE 21. GOODWILL

	2011 US\$m	2010 US\$m
A) NET CARRYING AMOUNTS AND MOVEMENTS DURING THE YEAR		
At 1 July		
Carrying amount	607.0	612.3
Year ended 30 June		
Opening net carrying amount	607.0	612.3
Acquisition of subsidiaries	1,021.8	-
Foreign exchange differences	65.5	(5.3)
Closing net carrying amount	1,694.3	607.0
At 30 June		
Gross carrying amount	1,694.3	607.0
Accumulated impairment	-	-
Net carrying amount	1,694.3	607.0
B) SEGMENT-LEVEL SUMMARY OF NET CARRYING AMOUNT		
Goodwill acquired through business combinations is allocated to cash generating units (CGU), which are the smallest identifiable groupings of Brambles' cash generating assets. A segment-level summary of the goodwill allocation is presented as follows:		
CHEP Americas	56.8	51.4
CHEP EMEA	60.8	36.4
CHEP Asia-Pacific	42.1	25.9
Total CHEP	159.7	113.7
IFCO	985.2	-
Recall	549.4	493.3
Total goodwill	1,694.3	607.0

C) RECOVERABLE AMOUNT TESTING - CONTINUING OPERATIONS

The recoverable amount of goodwill is determined based on value in use calculations undertaken at the CGU level. The value in use is calculated using a discounted cash flow methodology covering a 10 year period with an appropriate terminal value at the end of that period. Based on the impairment testing, the carrying amounts of goodwill in the CGUs related to continuing operations at reporting date were fully supported.

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

Cash flow forecasts

Cash flow forecasts are based on the most recent financial projections covering a maximum period of five years. Cash flows beyond that period are extrapolated using estimated growth rates. Financial projections are based on assumptions that represent management's best estimates.

Growth rates

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

Terminal value

The terminal value calculated after year 10 is determined using the stable growth model, having regard to the weighted average cost of capital and terminal growth factor appropriate to each CGU.

Discount rates

Discount rates used are the pre-tax weighted average cost of capital (WACC) and include a premium for market risks appropriate to each country in which the CGU operates. WACCs ranged between 10.1% and 25.0%.

Sensitivity

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 22. INTANGIBLE ASSETS

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

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

NOTE 23. TRADE AND OTHER PAYABLES

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

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

Refer to Note 30 for other financial instruments disclosures.

NOTE 24. BORROWINGS

Current

Unsecured:

- bank overdraft	58.1	12.2
- bank loans ¹	34.0	240.3
- loan notes ²	169.3	-
- accrued interest on loan notes ^{2,3,4,6}	29.5	22.9
- finance lease liabilities (Note 32)	26.2	0.6
- other loans	8.5	-
	325.6	276.0

Non-current

Unsecured:

- bank loans ¹	920.6	324.5
- loan notes ^{2,3,4,5,6}	1,847.4	1,293.7
- finance lease liabilities (Note 32)	41.4	0.6
- other loans	2.3	-
	2,811.7	1,618.8
Total borrowings	3,137.3	1,894.8

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

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

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

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

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

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

Refer to Note 30 for other financial instruments disclosures

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 24. BORROWINGS - CONTINUED

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

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

B) BORROWING FACILITIES MATURITY PROFILE

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

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

NOTE 25. PROVISIONS

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS

A) DEFINED CONTRIBUTION PLANS

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

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

B) DEFINED BENEFIT PLANS

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

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

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

C) BALANCE SHEET AMOUNTS

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

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

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

D) INCOME STATEMENT AMOUNTS

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

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

E) STATEMENT OF COMPREHENSIVE INCOME

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

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

F) DEFINED BENEFIT OBLIGATION

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

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

G) PLAN ASSETS

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

H) PRINCIPAL ACTUARIAL ASSUMPTIONS

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

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

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

I) EMPLOYER CONTRIBUTIONS

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

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

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

NOTE 26. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

J) HISTORICAL SUMMARY

	2011 US\$m	2010 US\$m	2009 US\$m	2008 US\$m	2007 US\$m
The history of the defined benefit plan deficit at the end of each year is as follows:					
- plan liabilities	(239.6)	(211.1)	(196.0)	(242.5)	(216.8)
- plan assets	202.2	160.7	145.2	179.1	187.2
Net liability recognised in the balance sheet	(37.4)	(50.4)	(50.8)	(63.4)	(29.6)

The history of favourable/(unfavourable) experience adjustments made in each year is as follows:

- on plan liabilities	2.2	(19.3)	23.4	(13.9)	(17.2)
- on plan assets	11.7	13.4	(26.3)	(20.7)	17.2
Net favourable/(unfavourable) adjustment	13.9	(5.9)	(2.9)	(34.6)	-

NOTE 27. CONTRIBUTED EQUITY

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

Ordinary shares of Brambles Limited entitle the holder to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of shares held.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 28. SHARE-BASED PAYMENTS

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

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

A) GRANTS OVER BRAMBLES LIMITED SHARES ISSUED SUBSEQUENT TO UNIFICATION

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

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

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

NOTE 28. SHARE-BASED PAYMENTS - CONTINUED

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

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

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

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

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

C) FAIR VALUE CALCULATIONS

The fair value of equity-settled performance share rights and MyShare matching conditional rights was determined as at grant date, using a binomial valuation methodology. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as a probability adjustment is made when computing the share-based payment expense.

The significant inputs into the valuation models for the equity-settled grants made during the year were:

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

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

D) SHARE-BASED PAYMENT EXPENSE - CONTINUING OPERATIONS

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 29. RESERVES AND RETAINED EARNINGS

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

A) MOVEMENTS IN RESERVES AND RETAINED EARNINGS

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

NOTE 29. RESERVES AND RETAINED EARNINGS - CONTINUED

B) NATURE AND PURPOSE OF RESERVES

Hedging reserve

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

Share-based payments reserve

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

Foreign currency translation reserve

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

Unification reserve

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

Other

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 30. FINANCIAL RISK MANAGEMENT

Brambles is exposed to a variety of financial risks: market risk (including the effect of fluctuations in interest rates and exchange rates), liquidity risk and credit risk.

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

Brambles uses standard derivative financial instruments to manage its risk exposure in the normal course of business. Brambles does not trade in financial instruments for speculative purposes. Hedging activities are conducted through Brambles' Treasury department on a centralised basis in accordance with Board policies and guidelines through standard operating procedures and delegated authorities.

Policies with respect to financial risk management and hedging activities are discussed below and should be read in conjunction with detailed information contained in the Treasury & Risk Review on pages 12 to 13.

A) FAIR VALUES

Set out below is a comparison by category of the carrying amounts and fair values of financial instruments recognised in the balance sheet. With the exception of loans and receivables and derivatives designated as hedging instruments, all financial assets are classified as financial assets at fair value through profit or loss.

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

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

A) FAIR VALUES - CONTINUED

Brambles uses the following methods in estimating the fair values of financial instruments:

- Level 1 - the fair value is calculated using quoted prices in active markets;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not observable market data.

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

	2011				2010			
	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
Derivative financial assets								
- interest rate swaps	-	22.8	-	22.8	-	20.0	-	20.0
- embedded derivatives	-	1.0	-	1.0	-	0.4	-	0.4
- forward foreign currency contracts	-	1.6	-	1.6	-	6.1	-	6.1
Derivative financial liabilities								
- interest rate swaps	-	8.9	-	8.9	-	18.2	-	18.2
- forward foreign currency contracts	-	0.4	-	0.4	-	4.1	-	4.1

The fair values of derivatives designated as hedging instruments are determined using valuation techniques that are based on observable market data. For forward foreign exchange contracts, the net fair value is taken to be the unrealised gain or loss at balance date calculated by reference to the current forward rates for contracts with similar maturity dates. Fair value for other financial assets and liabilities has been calculated by discounting future cash flows at prevailing interest rates for the relevant yield curve.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK

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

Interest rate risk

Brambles' exposure to potential volatility in finance costs, predominantly US dollars and euros, is managed by maintaining a mix of fixed and floating-rate instruments within select target bands over defined periods. In most cases, interest rate derivatives are used to achieve these targets synthetically.

The following table sets out the financial instruments exposed to interest rate risk at reporting date:

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

Interest rate swaps - cash flow hedges

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

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

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

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Interest rate swaps - fair value hedges

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

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

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

Sensitivity analysis

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

	Interest rate risk			
	2011		2010	
	lower rates	higher rates	lower rates	higher rates
US dollar interest rates	- 15 bps	+ 75 bps	- 25 bps	+ 75 bps
Australian dollar interest rates	- 25 bps	+ 75 bps	- 25 bps	+ 75 bps
Sterling interest rates	- 25 bps	+ 75 bps	- 25 bps	+ 75 bps
Euro interest rates	- 25 bps	+ 75 bps	- 25 bps	+ 75 bps

	US\$m	US\$m	US\$m	US\$m
Impact on profit after tax	0.5	(4.8)	0.9	(3.0)
Impact on equity	(0.5)	0.3	(0.2)	0.7

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Foreign exchange risk

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

Currency profile

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

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

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

B) MARKET RISK - CONTINUED

Forward foreign exchange contracts - cash flow hedges

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

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

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

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

Other forward foreign exchange contracts

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

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

Hedge of net investment in foreign entity

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

Sensitivity analysis

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

	Foreign exchange risk			
	2011		2010	
	lower rates	higher rates	lower rates	higher rates
Exchange rate movement	-10%	+10%	-10%	+10%
	US\$m	US\$m	US\$m	US\$m
Impact on profit after tax	0.1	(0.1)	0.3	(0.3)
Impact on equity	(36.5)	36.5	(4.3)	4.3

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK

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

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

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

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

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

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

Maturities of derivative financial assets and liabilities

The maturity of Brambles' contractual cash flows on net and gross settled derivative financial instruments, based on the remaining period to contractual maturity date, is presented below. Cash flows on interest rate swaps and forward foreign exchange contracts are valued based on forward interest rates applicable at reporting date.

	Year 1 US\$m	Year 2 US\$m	Year 3 US\$m	Year 4 US\$m	Over 4 years US\$m	Total contractual cash flows US\$m	Carrying amount assets/ (liabilities) US\$m
2011							
Net settled							
Interest rate swaps							
- cash flow hedges	(5.6)	(3.0)	(0.2)	-	-	(8.8)	(8.8)
- fair value hedges	9.6	8.3	4.7	0.1	-	22.7	22.7
Gross settled							
Forward foreign exchange contracts							
- inflow	287.3	-	-	-	-	287.3	1.2
- (outflow)	(286.1)	-	-	-	-	(286.1)	-
	5.2	5.3	4.5	0.1	-	15.1	15.1

2010

Net settled

Interest rate swaps

- cash flow hedges	(8.2)	(5.1)	(1.9)	0.1	-	(15.1)	(15.1)
- fair value hedges	8.4	7.0	4.5	(0.4)	(2.6)	16.9	16.9

Gross settled

Forward foreign exchange contracts

- inflow	648.0	-	-	-	-	648.0	2.0
- (outflow)	(646.0)	-	-	-	-	(646.0)	-
	2.2	1.9	2.6	(0.3)	(2.6)	3.8	3.8

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

C) LIQUIDITY RISK - CONTINUED

Maturities of non-derivative financial liabilities

The maturity of Brambles' contractual cash flows on non-derivative financial liabilities, based on the remaining period to contractual maturity date, for principal and interest, is presented below. Refer to Note 24B for borrowing facilities maturity profile.

	Year 1 US\$m	Year 2 US\$m	Year 3 US\$m	Year 4 US\$m	Over 4 years US\$m	Total contractual cash flows US\$m	Carrying amount US\$m
2011							
Financial liabilities							
Trade payables	569.8	-	-	-	-	569.8	569.8
Bank overdrafts	58.1	-	-	-	-	58.1	58.1
Bank loans	71.5	196.3	681.2	104.4	.	1,053.4	954.6
Loan notes	292.9	91.7	126.2	486.0	1,648.0	2,644.8	2,046.2
Finance lease liabilities	29.6	20.6	12.9	8.0	2.5	73.6	67.6
Other loans	8.7	0.2	2.1	0.1	-	11.1	10.8
	1,030.6	308.8	822.4	598.5	1,650.5	4,410.8	3,707.1
Financial guarantees ¹	144.3	-	-	-	-	144.3	-
	1,174.9	308.8	822.4	598.5	1,650.5	4,555.1	3,707.1

2010

Financial liabilities

Trade payables	305.7	-	-	-	-	305.7	305.7
Bank overdrafts	12.2	-	-	-	-	12.2	12.2
Bank loans	256.8	108.4	123.4	112.2	-	600.8	564.8
Loan notes	92.0	230.9	59.1	93.6	1,280.1	1,755.7	1,316.6
Finance lease liabilities	0.6	0.5	0.1	-	-	1.2	1.2
	667.3	339.8	182.6	205.8	1,280.1	2,675.6	2,200.5
Financial guarantees ¹	98.8	-	-	-	-	98.8	-
	766.1	339.8	182.6	205.8	1,280.1	2,774.4	2,200.5

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

D) CREDIT RISK EXPOSURE

Brambles is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. This exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments as set out in Note 30A. There is no significant concentration of credit risk.

Brambles trades only with recognised, creditworthy third parties. Collateral is generally not obtained from customers.

Customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Credit limits are set for individual customers and approved by credit managers in accordance with an approved authority matrix. These credit limits are regularly monitored and revised based on historic turnover activity and credit performance. In addition, overdue receivable balances are monitored and actioned on a regular basis.

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

E) CAPITAL RISK MANAGEMENT

Brambles' objective when managing capital is to ensure Brambles continues as a going concern as well as to provide a balance between financial flexibility and balance sheet efficiency. In determining its capital structure, Brambles considers the robustness of future cash flows, potential funding requirements for growth opportunities and acquisitions, the cost of capital and ease of access to funding sources.

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

Initiatives available to Brambles to achieve its desired capital structure include adjusting the amount of dividends paid to shareholders, returning capital to shareholders, buying-back share capital, issuing new shares, selling assets to reduce debt and varying the maturity profile of its borrowings.

Brambles considers its capital to comprise:

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

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

NOTE 30. FINANCIAL RISK MANAGEMENT - CONTINUED

E) CAPITAL RISK MANAGEMENT - CONTINUED

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

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION

A) RECONCILIATION OF CASH

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

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

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

NOTE 31. CASH FLOW STATEMENT - ADDITIONAL INFORMATION - CONTINUED**C) RECONCILIATION OF MOVEMENT IN NET DEBT**

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

Being:

Current borrowings	325.6	276.0
Non-current borrowings	2,811.7	1,618.8
Cash and cash equivalents	(138.5)	(135.5)
Net debt at end of the year	2,998.8	1,759.3

D) NON-CASH FINANCING OR INVESTING ACTIVITIES

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 32. COMMITMENTS

A) CAPITAL EXPENDITURE COMMITMENTS

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

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

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

B) OPERATING LEASE COMMITMENTS

Brambles has taken out operating leases for offices, operational locations and plant and equipment. The leases have varying terms, escalation clauses and renewal rights. Escalation clauses are rare and any impact is considered immaterial.

The future minimum lease payments under such non-cancellable operating leases are as follows:

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

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

C) FINANCE LEASE COMMITMENTS

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

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

NOTE 33. CONTINGENCIES

- a) Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to performance under contracts entered into totalling US\$127.5 million (2010: US\$98.8 million), of which US\$120.1 million (2010: US\$92.7 million) is also guaranteed by Brambles Limited and is included in Note 38B.
- b) A subsidiary has provided guarantees on a several basis in relation to a reduction in the share premium account of another subsidiary in favour of certain creditors which amounts to US\$1.8 million (2010: US\$3.3 million).
- c) A subsidiary has guaranteed certain lease obligations of third parties totalling US\$10.3 million (2010: US\$15.3 million). A subsidiary has provided guarantees to support lease facilities entered into by certain other subsidiaries. Total facilities available amount to US\$11.8 million (2010: US\$11.7 million), of which US\$11.8 million (2010: US\$11.7 million) has been drawn.

d) Environmental contingent liabilities

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

As a consequence of the nature of these activities, Brambles has incurred and may continue to incur environmental costs and liabilities associated with site and facility operation, closure, remediation, aftercare, monitoring and licensing. Provisions have been made in respect of estimated environmental liabilities at all sites and facilities where obligations are known to exist and can be reliably measured.

However, additional liabilities may emerge due to a number of factors including changes in the numerous laws and regulations which govern environmental protection, liability, land use, planning and other matters in each jurisdiction in which Brambles operates or has operated. These extensive laws and regulations are continually evolving in response to technological advances, scientific developments and other factors. Brambles cannot predict the extent to which it may be affected in the future by any such changes in legislation or regulation.

- e) In the ordinary course of business, Brambles becomes involved in litigation. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably quantified. Receivables have been recognised where recoveries, for example from insurance arrangements, are virtually certain. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided.
- f) Brambles has given vendor warranties in relation to businesses sold in prior years. Brambles has recognised the financial impact of such vendor warranties and adjustments on the basis of information currently available. A contingent liability exists for any amounts which may ultimately be borne by Brambles which are in excess of the amounts provided at 30 June 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 34. AUDITORS' REMUNERATION

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

From time to time, Brambles employs PwC on assignments additional to their statutory audit duties where PwC, through their detailed knowledge of the Group, are best placed to perform the services from an efficiency, effectiveness and cost perspective. The performance of such non-audit related services is always balanced with the fundamental objective of ensuring PwC's objectivity and independence as auditors. To ensure this balance, the Audit Committee has established a policy whereby its approval is required wherever management recommends that PwC undertake non-audit work. Valuation services, actuarial services and internal audit services will not be performed by PwC.

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

NOTE 35. KEY MANAGEMENT PERSONNEL

A) KEY MANAGEMENT PERSONNEL COMPENSATION

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

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

B) EQUITY INSTRUMENTS DISCLOSURE RELATING TO KEY MANAGEMENT PERSONNEL

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 35. KEY MANAGEMENT PERSONNEL - CONTINUED

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

C) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other transactions with key management personnel are set out in Note 36C.

Further remuneration disclosures are set out in the Directors' Report on pages 40 to 55 of the Annual Report.

NOTE 36. RELATED PARTY INFORMATION

A) BRAMBLES

Brambles comprises Brambles Limited and the entities which it controls.

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

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

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

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

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

B) JOINT VENTURES

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

C) OTHER TRANSACTIONS

Other transactions entered into during the year with Directors of Brambles Limited; with Director-related entities; with key management personnel (KMP, as set out in the Directors' Report); or with KMP-related entities were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses. Any other transactions were trivial or domestic in nature.

D) OTHER RELATED PARTIES

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

E) MATERIAL SUBSIDIARIES

The principal subsidiaries of Brambles during the year were:

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

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

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

NOTE 36. RELATED PARTY INFORMATION - CONTINUED

F) DIRECTORS' INDEMNITIES

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

- (a) in respect of a liability other than for legal costs:
 - (i) a liability owed to Brambles Limited or a related body corporate;
 - (ii) a liability for a pecuniary penalty order under section 1317G of the Act or a compensation order under section 1317H of the Act; or
 - (iii) a liability that is owed to someone (other than Brambles Limited or a related body corporate) and did not arise out of conduct in good faith; and
- (b) in respect of a liability for legal costs:
 - (i) in defending or resisting proceedings in which the person is found to have a liability for which they could not have been indemnified under paragraph (a)(i) above;
 - (ii) in defending or resisting criminal proceedings in which the person is found guilty;
 - (iii) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the Court to be established; or
 - (iv) in connection with proceedings for relief to any persons under the Act in which the Court denies the relief.

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

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

The indemnity given by the Company excludes the following matters:

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

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

NOTE 37. EVENTS AFTER BALANCE SHEET DATE

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 30 June 2011

NOTE 38. PARENT ENTITY FINANCIAL INFORMATION

A) SUMMARISED FINANCIAL DATA OF BRAMBLES LIMITED

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

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

B) GUARANTEES AND CONTINGENT LIABILITIES

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

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

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

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

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

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

C) CONTRACTUAL COMMITMENTS

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

DIRECTORS' DECLARATION

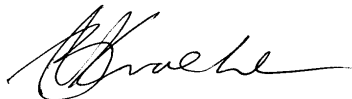
In the opinion of the Directors of Brambles Limited:

- (a) the financial statements and notes set out on pages 63 to 126 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of Brambles as at 30 June 2011 and of its performance for the year ended on that date;
- (b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

A statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board is included within Note 1 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



G J Kraehe AO
Chairman



T J Gorman
Chief Executive Officer

17 August 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRAMBLES LIMITED



Report on the financial report

We have audited the accompanying financial report of Brambles Limited (the Company), which comprises the balance sheet as at 30 June 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for Brambles. Brambles comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

DX 77 Sydney, Australia

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Liability limited by a scheme approved under Professional Standards Legislation.

Auditors' opinion

In our opinion:


- (a) the financial report of Brambles Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Brambles' financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 55 of the Directors' Report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors' opinion

In our opinion, the remuneration report of Brambles Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



M G Johnson
Partner

Sydney
17 August 2011



M Dow
Partner

Sydney
17 August 2011

AUDITORS' INDEPENDENCE DECLARATION



As lead auditor for the audit of Brambles Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brambles Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'M G Johnson'.

M G Johnson
Partner
PricewaterhouseCoopers

Sydney
17 August 2011

PricewaterhouseCoopers, ABN 52 780 433 757

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FIVE YEAR FINANCIAL PERFORMANCE SUMMARY

	2011 US\$m	2010 US\$m	2009 US\$m	2008 US\$m	2007 US\$m
Continuing operations					
Sales revenue	4,672.2	4,146.8	4,018.6	4,358.6	3,868.8
Operating profit	809.2	724.5	718.2	1,030.6	796.0
Net finance costs	(127.5)	(109.6)	(120.9)	(149.5)	(59.9)
Profit before tax	681.7	614.9	597.3	881.1	736.1
Tax expense	(209.9)	(171.0)	(163.3)	(234.2)	(302.4)
Profit from continuing operations	471.8	443.9	434.0	646.9	433.7
Profit from discontinued operations	3.6	4.9	18.6	1.8	857.6
Profit for the year	475.4	448.8	452.6	648.7	1,291.3
Depreciation and amortisation					
Continuing operations	479.8	444.0	424.6	458.6	404.3
Discontinued operations	5.7	-	-	-	-
Capex on property, plant & equipment					
Continuing operations	821.9	498.8	672.4	849.2	695.7
Discontinued operations	-	-	-	-	24.7
Cash flow					
Cash flow from operations	725.1	882.3	722.4	810.0	838.3
Free cash flow	303.3	548.6	419.5	412.6	490.2
Dividends paid	224.0	204.5	277.6	444.8	604.0
Free cash flow after dividends	79.3	344.1	141.9	(32.2)	(113.8)
Balance sheet					
Capital employed	5,450.2	3,391.5	3,572.7	3,969.7	3,419.6
Net debt	2,998.8	1,759.3	2,143.4	2,426.2	1,996.9
Equity	2,451.4	1,632.2	1,429.3	1,543.5	1,422.7
Employees					
Continuing operations	17,134	12,714	12,785	12,305	12,327
Discontinued operations	-	-	-	-	1,841
Earnings per share (US cents)					
Basic	32.9	31.8	32.6	46.0	83.4
From continuing operations	32.6	31.5	31.3	45.9	28.0
On Underlying profit after finance costs and tax	36.2	31.9	38.5	45.4	37.3
Dividend declared per share (Australian cents)	26.0	25.0	30.0	34.5	17.0

GLOSSARY

2004 Share Plans	The Brambles Industries Limited 2004 Performance Share Plan and the Brambles Industries plc 2004 Performance Share Plan (as amended), incorporating Brambles Limited rollover amendments of 22 August 2006.
2006 Share Plan	The Brambles Limited 2006 Performance Share Plan (as amended).
Act	The Corporations Act 2001 (Cth).
Actual rates	In the statutory financial statements, results are translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
Acquired Shares	Brambles Limited shares purchased by Brambles employees under MyShare.
AGM	Annual General Meeting.
ASX	Australian Securities Exchange.
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.
BIFR	Brambles Injuries Frequency Rate. This safety performance indicator measures the combined number of fatalities, lost time injuries, modified duties and medical treatments per million hours worked.
BIL	Brambles Industries Limited, which was one of the two listed entities in the previous dual-listed companies structure.
BIP	Brambles Industries plc, which was one of the two listed entities in the previous dual-listed companies structure.
Board	The Board of Brambles Limited.
Brambles or Group	Brambles Limited and all of its related bodies corporate.
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 2010 exchange rates as: - Underlying profit; plus - Significant items that are part of the ordinary activities of the business; less - Average capital invested, adjusted for accumulated pre-tax Significant items that are part of the ordinary activities of the business, multiplied by 12%.
CAGR	Compound annual growth rate. The CAGR of sales revenue is the annualised percentage at which sales revenue would have grown over a period if it grew at a steady rate.
Cash flow from operations	Cash flow generated after net capital expenditure but excluding Significant items that are outside the ordinary course of business.
CGPR	The Australian Securities Exchange Corporate Governance Council Corporate Governance Principles & Recommendations, Second Edition.
Company	Brambles Limited (ACN 118 896 021).
Constant currency	Constant currency results are presented by translating both current and comparable period 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, IFCO, Recall and Brambles HQ.
Disclosable Executives	Brambles Limited's Executive Directors, Non-executive Directors and other Group executives whose remuneration details are required to be disclosed in the Remuneration Report.
Discontinued operations	Operations which have been divested or which are held for sale.
DLC	Dual-listed companies structure - the previous contractual arrangement between Brambles Industries Limited and Brambles Industries plc under which they operated as if they were a single economic enterprise, whilst retaining their separate legal identities, tax residences and stock exchange listings. BIL and BIP operated as a DLC from August 2001 to December 2006.
EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA is defined as Operating profit from continuing operations after adding back depreciation and amortisation and Significant items outside the ordinary course of business.
ELT	Brambles' Executive Leadership Team, details of which are on pages 25 to 26.
EPS	Earnings per share.
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.

FX	Foreign exchange.
FY11 or Year	The 2011 financial year commencing 1 July 2010 and ending 30 June 2011.
FY12	The 2012 financial year commencing 1 July 2011 and ending 30 June 2012.
Group or Brambles	Brambles Limited and all of its related bodies corporate.
IBC	Intermediate bulk container, for the transport and storage of bulk products.
IFCO	IFCO Systems N.V.
IFRS	International Financial Reporting Standards. Brambles reports its financial results under Australian Accounting Standards, which are compliant with IFRS.
IPEP	Irrecoverable pooling equipment provision.
Key Management Personnel	Members of the Board of Brambles Limited and Brambles' Executive Leadership Team.
KPI(s)	Key Performance Indicator(s).
LTI	Long Term Incentive.
OHS&E	Occupational Health Safety & Environment.
Matching Awards	Matching share rights over Brambles Limited shares allocated to employees when they purchase Acquired Shares under MyShare. When an employee's Matching Awards vest, Matching Shares are allocated to that employee.
Matching Shares	Shares allocated to employees who have held Acquired Shares under MyShare for two years, and who remain employed at the end of that two year period. One Matching Share is allocated for every one Acquired Share held.
MyShare	The Brambles Limited MyShare Plan, an all employee share plan, under which employees acquire ordinary shares by means of deductions from their after-tax pay and must hold those shares for a two year period. If they hold those shares and remain employed at the end of the two year period, then Brambles will match the number of shares they hold by issuing or transferring to them the same number of shares which they held for the qualifying period at no additional cost to the employee.
Net new business wins	The change in sales revenue in a reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis.
PAT	Profit after tax.
Performance Period	A three year period over which the achievement of performance conditions is assessed to determine whether STI and LTI share awards will vest.
RCC	Risk & Control Committee.
ROCI	Return on capital invested or ROCI is calculated as Underlying profit divided by Average capital invested.
RPC	Reusable plastic container/crate, or returnable/reusable produce crate, generally used for shipment and display of produce items.
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: <ul style="list-style-type: none"> - outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or - part of the ordinary activities of the business but unusual due to their size and nature.
STI	Short Term Incentive.
TFR	Total Fixed Remuneration.
TSR	Total Shareholder Return. TSR measures the returns that a company has provided for its shareholders, reflecting share price movements and reinvestment of dividends over a specified performance period. Under the 2006 Share Plan, TSR is normally calculated on the average daily closing share prices in the three months immediately preceding the start of a period and the end of a period.
Underlying profit	Underlying profit is profit from continuing operations before finance costs, tax and Significant items.
Unification	The unification of the dual-listed companies structure which operated between Brambles Industries Limited and Brambles Industries plc under a new single Australian holding company, Brambles Limited, which took place in December 2006.
ULD	Unit-load device, pooled containers used in the aviation industry for transporting cargo and baggage on board airliners.

CONTACT INFORMATION

REGISTERED OFFICE

The global headquarters of Brambles is at its registered office in Sydney, Australia:

Level 40, Gateway,
1 Macquarie Place
Sydney NSW 2000
Australia
ACN 118 896 021

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Investor & Analyst Queries

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Recall

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Fax: 1 770 776 1001
Email: recall.communications@recall.com
Website: www.recall.com

SHARE REGISTRY

Online access to shareholding information is available to investors through the Link Market Services website.

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia
Locked Bag A14
Sydney South NSW 1235

Australia
Telephone: 1300 883 073 (freecall within Australia)
61 (0) 2 8280 7143 (from outside Australia)
Facsimile: 61 (0) 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

SHARE RIGHTS REGISTRY

Employees or former employees of Brambles who have queries about the following interests:

- performance share rights under the 2004 or 2006 share plans;
 - matching share rights under MyShare; or
 - shares acquired under MyShare or other share interests held through Computershare Nominees CI Limited,
- may contact one of the following registries:

Until 6 November 2011:

Computershare Plan Managers Pty Limited
Attention: Brambles Employee Share Plans
GPO Box 658
Melbourne VIC 3001
Australia
Telephone: 1800 133 976 (within Australia)
61 (0) 3 9415 4659 (from outside Australia)
Facsimile: 61 (0) 3 9473 2458
Email: BramblesSharePlans@computershare.com.au
Website: www.computershare.com/brambles

From 7 November 2011 onwards:

Boardroom Pty Limited
Attention: Brambles Employee Share Plans
GPO Box 3993
Sydney NSW 2001
Australia
Telephone: 1300 737 760 (within Australia)
61 (0) 2 9290 9600 (from outside Australia)
Facsimile: 1300 653 459 (within Australia)
61 (0) 2 9279 0644 (from outside Australia)
Email: bramblesesp@boardroomlimited.com.au
Website: www.boardroomlimited.com.au