

Company No. 4578621

BRAMBLES FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the period 31 October 2002 to
30 June 2003**



BRAMBLES FINANCE PLC

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DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Company for the period ended 30 June 2003.

INCORPORATION

The Company was incorporated on 31 October 2002 in the name of Brambles Finance plc.

PRINCIPAL ACTIVITY

The Company is a wholly owned subsidiary of Brambles Industries plc (BIP), part of the Brambles Group, being Brambles Industries plc and Brambles Industries Limited and all their subsidiary companies.

The principal activity of the Company is to provide finance to the Brambles Group.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

On 16 January 2003 the external borrowings of certain subsidiary undertakings with the Brambles Group was transferred to the Company, together with related loans to and borrowings from Brambles Group companies. The Company is expected to continue this activity for the foreseeable future.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account on page 7.

The Company has not paid an interim dividend and the directors do not recommend the payment of a final dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The following served as directors during the period:

R J Harris	(appointed 31 October 2002)
S N Scholes	(appointed 31 October 2002)
L E Young	(appointed 31 October 2002, resigned 11 August 2003)
J R A Judd	(appointed 31 October 2002)

On 11 August 2003, K.A. Porritt was appointed a director.

DIRECTORS' REPORT (continued)

DIRECTORS AND DIRECTORS' INTERESTS (continued)

The interests in the ordinary shares, share options and performance share rights over the ordinary shares of Brambles Industries plc (BIP) and of Brambles Industries Limited (BIL) of the directors who held office at the year end are listed below:

Ordinary 5p shares in BIP

	30 June 2003	31 October 2002 (or date of appointment if later)
R J Harris	23,893	23,093
S N Scholes	1,500	1,500
L E Young	-	-
J R A Judd	-	-

Ordinary shares in BIL

None of the directors held any interest in the ordinary shares of BIL at the end of period.

Share options and Performance Share rights over BIP and BIL shares

Senior executives may be granted annual awards of options under the Brambles 2001 Executive Share Option Plan to acquire shares in BIP and BIL at a future date at an exercise price fixed at the time of grant. The exercise of options is subject to certain performance conditions being met.

Senior executives may also be granted annual awards under the Brambles 2001 Executive Performance Share Plan, consisting of a right to acquire shares in BIP and BIL at a future date, for no payment. The vesting of awards is subject to certain performance conditions being met.

Further details relating to these Plans are set out in the Remuneration Report of the Annual Review 2003 of BIP.

Details of options and performance share rights (Rights) granted during the period are listed overleaf:

DIRECTORS' REPORT (continued)

DIRECTORS AND DIRECTORS' INTERESTS (continued)

	Description	Date of grant	Number	Exercise price	Total BIP	Total BIL
R J Harris	Options over BIP shares	19/12/2001	59,043	£3.21		
		05/09/2002	78,467	£2.33	137,510	
	Options over BIL shares	19/12/2001	59,043	A\$9.63		
		05/09/2002	78,467	A\$7.07		137,510
	BIP Rights	19/12/2001	17,290	-		
		05/09/2002	24,773	-	42,063	
	BIL Rights	19/12/2001	17,290	-		
		05/09/2002	24,773	-		42,063
S N Scholes	Options over BIP shares	19/12/2001	17,686	£3.21		
		05/09/2002	23,505	£2.33	41,191	
	Options over BIL shares	19/12/2001	17,686	A\$9.63		
		05/09/2002	23,505	A\$7.07		41,191
	BIP Rights	19/12/2001	5,179	-		
		05/09/2002	7,421	-	12,600	
	BIL Rights	19/12/2001	5,179	-		
		05/09/2002	7,421	-		12,600
L E Young	Options over BIP shares	19/12/2001	16,941	£3.21		
		05/09/2002	35,855	£2.33	52,796	
	Options over BIL shares	19/12/2001	16,941	A\$9.63		
		05/09/2002	35,855	A\$7.07		52,796
	BIP Rights	19/12/2001	5,179	-		
		05/09/2002	7,421	-	12,600	
	BIL Rights	19/12/2001	5,179	-		
		05/09/2002	7,421	-		12,600
J R A Judd	Options over BIP shares	02/04/2002	33,416	£3.21		
		05/09/2002	45,881	£2.33	79,297	
	Options over BIL shares	02/04/2002	19,970	A\$9.63		
		05/09/2002	45,881	A\$7.07		65,851
	BIP Rights	02/04/2002	9,985	-		
		05/09/2002	14,485	-	24,470	
	BIL Rights	02/04/2002	9,985	-		
		05/09/2002	14,485	-		24,470

Other than as set out above, no director had any interest, beneficial or non-beneficial, in the share capital of BIP or BIL or of any subsidiary at the dates stated or had any material interest during the period in any significant contract with either BIP or BIL or any subsidiary.

DIRECTORS' REPORT (continued)

AUDITORS

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers have resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

Approved by the Board of directors

Signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'K.A. Porritt', is written over the printed name.

K.A. Porritt
Company Secretary

29 January 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Brambles Finance plc

We have audited the financial statements which comprise the profit and loss account and the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

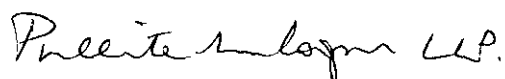
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 June 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

30 January 2004

PROFIT AND LOSS ACCOUNT

For the period 31 October 2002 to 30 June 2003

	Note	8 months ended 30 June 2003 £
Administrative expenses		(45,823)
OPERATING LOSS		(45,823)
Net interest receivable & similar income	4	48,715
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,892
Tax on profit on ordinary activities	5	(868)
RETAINED PROFIT FOR THE PERIOD		2,024

All amounts in 2003 derive from continuing operations. There were no recognised gains or losses in the period other than the result shown above.

BALANCE SHEET
As at 30 June 2003

	Note	2003 £
CURRENT ASSETS		
Debtors	6	917,621,069
Prepayments		1,743,988
		919,365,057
CREDITORS: amounts falling due within one year		
Bank overdraft		(6,917,326)
Creditors	7	(71,123,014)
NET CURRENT ASSETS		841,324,717
CREDITORS: amounts falling due after one year		
Borrowings	7,8	(841,272,693)
NET ASSETS		52,024
CAPITAL AND RESERVES		
Called up share capital	9	50,000
Profit and loss account	10	2,024
EQUITY SHAREHOLDERS' FUNDS	11	52,024

The financial statements were approved by the Board of directors on 29 January 2004.

Signed on behalf of the Board of directors

Susan Scholes

S N Scholes
Director

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2003

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The principal accounting policies which have been adopted are set out below.

a) ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention.

b) FOREIGN CURRENCY TRANSLATION

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate. All revaluation differences and realised foreign exchange differences are taken to profit and loss.

c) DEFERRED TAXATION

In accordance with FRS 19, 'Deferred Taxation', deferred tax is fully provided in respect of timing differences that have originated but not reversed by the balance sheet date. These are based on average tax rates that are expected to apply at the time of the reversal, which will be the rates that have either been enacted, or substantially enacted, by the balance sheet date. No deferred tax is provided on permanent timing differences. Deferred tax assets are recognised to the extent that they are regarded as more likely than not, to be recoverable. Deferred tax on un-remitted earnings of foreign subsidiaries is only provided if dividends have been accrued as receivable or there is a binding agreement to distribute past earnings in the future. Deferred tax balances are not discounted.

d) CASH FLOW STATEMENT

The Company has taken advantage of the exemption permitted by FRS 1 (revised) 'Cash Flow Statements' not to produce a cash flow statement on the basis that the ultimate parent company, having a 100% controlling influence, produces consolidated financial statements which are available to the public.

2 AUDITORS' REMUNERATION

The audit fees for the Company have been borne by the parent company in the current period.

3 EMPLOYEES AND DIRECTOR'S EMOLUMENTS

The Company has no employees. No fees were paid to directors for the current period. Directors received no emoluments in respect of services to the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2003

4	NET INTEREST RECEIVABLE AND SIMILAR INCOME	2003
		£
	Interest paid or payable on:	
	- Bank loans	(23,468,201)
	- Loans from other group undertakings	(1,800,796)
	- Loan from Brambles Industries plc group	(289,384)
		(25,558,381)
	Interest income on loans to other group undertakings	25,607,096
		48,715

5	TAX ON PROFIT ON ORDINARY ACTIVITIES	2003
		£
	UK Corporation Tax	868

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 30%.
The actual taxation charge for the current period equates to the standard rate.

6	DEBTORS	2003
		£
	Amounts owed by other group undertakings	356,717,224
	Amounts owed by Brambles Industries Limited group	560,903,845
		917,621,069

7	CREDITORS	2003
		£
	Amounts falling due within one year	
	Amounts owed to parent undertaking	56,429,081
	Amounts owed to Brambles Industries Limited group	10,765,491
	Corporation tax	868
	Accruals	3,927,574
		71,123,014

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2003

7	CREDITORS (continued)	2003
		£
	Amounts falling due after one year	
	Bank loans	841,272,693

8	MATURITY OF FINANCIAL LIABILITIES	2003
		£

The maturity profile of the financial liabilities is:

- between two and five years	402,095,317
- after five years	439,177,376

841,272,693

The financial liabilities comprise non-instalment debt. Debt comprises bank debt on an unsecured basis. Floating rate bank loans bear interest at commercial margins above the relevant inter-bank rate. The weighted average interest rate on floating rate bank loans during the period was 4.4%.

9	CALLED UP SHARE CAPITAL	2003
		£
	Authorised:	
	10,000,000 ordinary shares of £1 each	10,000,000

Allotted, called up and fully paid:

50,000 ordinary shares of £1 on incorporation	50,000

10 STATEMENT OF MOVEMENTS ON RESERVES

**Profit and
loss account**
£

Profit retained for the period	2,024

At 30 June 2003	2,024

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2003

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003 £
Profit for financial period	2,024
Issue of ordinary share capital	50,000
Net additions to shareholders' funds	52,024
Opening shareholders' funds	-
Closing shareholders' funds	52,024

12 RELATED PARTY TRANSACTIONS

In accordance with FRS 8 'Related Party Disclosures', transactions with other group undertakings within and investee related parties of Brambles Industries plc have not been disclosed in these financial statements as the Company is a wholly owned subsidiary of a parent publishing consolidated financial statements.

The Company entered into transactions with Brambles Industries Limited Group (BIL Group) entities during the period of (£9,786,677), credited in the profit and loss account. Balances outstanding at the year end are disclosed in the balance sheet and in note 8. The transactions principally relate to management recharges, loans and interest.

13 ULTIMATE PARENT COMPANY

The parent undertaking of the largest group for which group financial statements are prepared and the ultimate controlling party is Brambles Industries plc, which is incorporated in England and Wales.

The Company's immediate parent undertaking is Brambles Industries plc. Copies of all group financial statements are available from Cassini House, 57-59 St James's Street, London, SW1A 1LD.