

Company No. 4578621

BRAMBLES FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
30 JUNE 2004



BRAMBLES FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **For the year ended 30 June 2004**

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DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Company for the year ended 30 June 2004.

PRINCIPAL ACTIVITY

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

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 respective subsidiary companies.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Throughout the year the Company has continued to borrow externally and make loans to businesses within the Brambles Group. The Company is expected to continue this activity for the foreseeable future.

RESULTS AND DIVIDENDS

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

The Company has not paid an interim dividend (2003: nil) and the directors do not recommend the payment of a final dividend (2003: nil).

DIRECTORS AND DIRECTORS' INTERESTS

The following served as directors during the year:

R J Harris	
J R A Judd	(resigned 9 March 2004)
K A Porritt	(appointed 11 August 2003)
S N Scholes	
L E Young	(resigned 11 August 2003)

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 2004	1 July 2003 (or date of appointment if later)
R J Harris	23,893	23,893
K A Porritt	-	-
S N Scholes	1,500	1,500

Ordinary shares in BIL

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

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.

DIRECTORS' REPORT (continued)

DIRECTORS AND DIRECTORS' INTERESTS (continued)

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 2004 of BIP.

Details of options over BIP and BIL shares are as follows:

Grant date	Balance at start of year	Exercise price	Granted during the year	Exercised during the year	Lapsed during the year	Balance at year end	Exercise period
R J Harris							
BIP Shares							
19/12/2001	59,043	£3.21		-	-	59,043	19/12/04 to 19/12/07
05/09/2002	78,467	£2.33		-	-	78,467	05/09/05 to 05/09/08
10/09/2003	-	£1.72	139,169	-	-	139,169	10/09/06 to 10/09/09
					Total	276,679	
BIL Shares							
19/12/2001	59,043	A\$9.63		-	-	59,043	19/12/04 to 19/12/07
05/09/2002	78,467	A\$7.08		-	-	78,467	05/09/05 to 05/09/08
10/09/2003	-	A\$4.75	139,169	-	-	139,169	10/09/06 to 10/09/09
					Total	276,679	
K A Porritt							
BIP Shares							
10/09/2003	-	£1.72	27,907	-	-	27,907	10/09/06 to 10/09/09
					Total	27,907	
BIL Shares							
10/09/2003	-	A\$4.75	27,907	-	-	27,907	10/09/06 to 10/09/09
					Total	27,907	
S N Scholes							
BIP Shares							
19/12/2001	17,686	£3.21		-	-	17,686	19/12/04 to 19/12/07
05/09/2002	23,505	£2.33		-	-	23,505	05/09/05 to 05/09/08
10/09/2003	-	£1.72	41,556	-	-	41,556	10/09/06 to 10/09/09
					Total	82,747	
BIL Shares							
19/12/2001	17,686	A\$9.63		-	-	17,686	19/12/04 to 19/12/07
05/09/2002	23,505	A\$7.08		-	-	23,505	05/09/05 to 05/09/08
10/09/2003	-	A\$4.75	41,556	-	-	41,556	10/09/06 to 10/09/09
					Total	82,747	

DIRECTORS' REPORT (continued)

DIRECTORS AND DIRECTORS' INTERESTS (continued)

Details of performance share rights over BIP and BIL shares are as follows:

Grant date	Balance at start of year	Exercise price	Granted during the year	Exercised during the year	Lapsed during the year	Balance at year end	Exercise period
R J Harris							
BIP Shares							
19/12/2001	17,290	-		-	-	17,290	19/12/04 to 19/12/07
05/09/2002	24,773	-		-	-	24,773	05/09/05 to 05/09/08
10/09/2003	-	-	34,792	-	-	34,792	10/09/06 to 10/09/09
Total						76,855	
BIL Shares							
19/12/2001	17,290	-		-	-	17,290	19/12/04 to 19/12/07
05/09/2002	24,773	-		-	-	24,773	05/09/05 to 05/09/08
10/09/2003	-	-	34,792	-	-	34,792	10/09/06 to 10/09/09
Total						76,855	
K A Porritt							
BIP Shares							
10/09/2003	-	-	6,977	-	-	6,977	10/09/06 to 10/09/09
Total						6,977	
BIL Shares							
10/09/2003	-	-	6,977	-	-	6,977	10/09/06 to 10/09/09
Total						6,977	
S N Scholes							
BIP Shares							
19/12/2001	5,179	-		-	-	5,179	19/12/04 to 19/12/07
05/09/2002	7,421	-		-	-	7,421	05/09/05 to 05/09/08
10/09/2003	-	-	10,389	-	-	10,389	10/09/06 to 10/09/09
Total						22,989	
BIL Shares							
19/12/2001	5,179	-		-	-	5,179	19/12/04 to 19/12/07
05/09/2002	7,421	-		-	-	7,421	05/09/05 to 05/09/08
10/09/2003	-	-	10,389	-	-	10,389	10/09/06 to 10/09/09
Total						22,989	

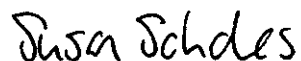
Other than as set out above, no director had any interest, beneficial or non-beneficial, in the share capital of BIP or BIL or of any subsidiary at the dates stated or had any material interest during the period in any significant contract with either BIP or BIL or any subsidiary.

DIRECTORS' REPORT (continued)

AUDITORS

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:



S N Scholes
Director

28th January 2005

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.

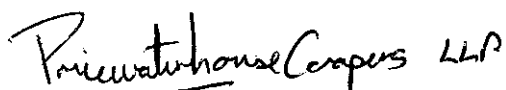
Basis of audit opinion

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 2004 and of its profit for the year 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

28 January 2005

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2004

		12 months ended 30 June 2004 £	8 months ended 30 June 2003 £
	Note		
Administrative expenses		<u>(92,257)</u>	<u>(45,823)</u>
OPERATING LOSS		(92,257)	(45,823)
Net interest receivable & similar income	4	<u>99,028</u>	<u>48,715</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,771	2,892
Tax on profit on ordinary activities	5	<u>(2,031)</u>	<u>(868)</u>
RETAINED PROFIT FOR THE PERIOD		4,740	2,024

All amounts in 2004 and 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 2004

	Note	2004 £	2003 £
CURRENT ASSETS			
Debtors	6	902,946,734	917,621,069
Prepayments		1,732,086	1,743,988
		<u>904,678,820</u>	<u>919,365,057</u>
CREDITORS: amounts falling due within one year			
Bank overdraft		(7,544,340)	(6,917,326)
Creditors	7	(128,042,030)	(71,123,014)
		<u>(135,586,370)</u>	<u>(78,040,340)</u>
NET CURRENT ASSETS		769,092,450	841,324,717
CREDITORS: amounts falling due after one year			
Borrowings	7,8	(769,035,686)	(841,272,693)
NET ASSETS		<u>56,764</u>	<u>52,024</u>
CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Profit and loss account	10	6,764	2,024
EQUITY SHAREHOLDERS' FUNDS	11	<u>56,764</u>	<u>52,024</u>

The financial statements were approved by the Board of directors on 28th January 2005.

Signed on behalf of the Board of directors



R J Harris
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004**1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards and the Companies Act 1985. 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 Financial Reporting Standard (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 and preceding period.

3 EMPLOYEES AND DIRECTORS EMOLUMENTS

The Company has no employees (2003: nil). No fees were paid to directors for the current period (2003: nil). Directors received no emoluments in respect of services to the Company (2003: nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

4 NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Interest paid or payable on:		
- Bank loans	(50,142,670)	(23,448,524)
- Loans from other group undertakings	(7,221,488)	(1,800,796)
- Loan from Brambles Industries Limited group	(214,515)	(289,384)
	<u>(57,578,673)</u>	<u>(25,538,704)</u>
Interest income on loans to other group undertakings	57,650,802	25,607,096
Foreign exchange gain/(loss)	26,899	(19,677)
	<u>99,028</u>	<u>48,715</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
UK Corporation Tax	<u>2,031</u>	<u>868</u>

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

	2004 £	2003 £
Amounts owed by other group undertakings	483,458,033	356,717,224
Amounts owed by Brambles Industries Limited group	419,488,701	560,903,845
	<u>902,946,734</u>	<u>917,621,069</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

7 CREDITORS

	2004 £	2003 £
Amounts falling due within one year		
Amounts owed to parent undertaking	119,866,212	56,429,081
Amounts owed to other group undertakings	2,412,986	-
Amounts owed to Brambles Industries Limited group	54,266	10,765,491
Corporation tax	2,899	868
Accruals	5,705,667	3,927,574
	128,042,030	71,123,014
Amounts falling due after one year		
Bank loans	769,035,686	841,272,693

8 MATURITY OF FINANCIAL LIABILITIES

	2004 £	2003 £
The maturity profile of the financial liabilities is:		
- between two and five years	769,035,686	402,095,317
- after five years	-	439,177,376
	769,035,686	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 4.6% (2003: 4.4%).

9 CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised:		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
Allotted, called up and fully paid:		
50,000 ordinary shares of £1 each	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

10 STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 July 2003	2,024
Profit retained for the period	4,740
At 30 June 2004	<u>6,764</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for financial period	4,740	2,024
Issue of ordinary share capital	-	50,000
Net additions to shareholders' funds	4,740	52,024
Opening shareholders' funds	52,024	-
Closing shareholders' funds	<u>56,764</u>	<u>52,024</u>

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 £18,876,000 (2003: £9,787,000), 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.