

BRAMBLES FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
30 JUNE 2007

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BRAMBLES FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS **For the year ended 30 June 2007**

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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 2007

Principal activity and review of the business

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

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.

The Company is a wholly owned subsidiary of the Brambles Group. The Brambles Group is a global group comprising Brambles Limited (BL), a company incorporated in Australia and listed on the Australian stock exchange, and all its subsidiary undertakings.

Key performance indicators

The Company is a group treasury company and does not trade. The directors consider that key performance indicators for the Company are neither relevant nor appropriate for an understanding of the development, performance or position of the business of the Company or Brambles.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The Company has not paid an interim dividend (2006: nil) and the directors do not recommend the payment of a final dividend (2006: nil).

Financial risk management

The Company is exposed to a variety of financial and market based risks, including exposure to fluctuating interest and exchange rates. Standard financial derivatives are used to manage financial exposures in the normal course of business in accordance with Brambles Group policies. Dealings in financial derivatives are restricted by Group approved delegated authorities. No derivatives are used for speculative purposes. Derivatives are transacted predominantly with relationship banks, with individual credit limits assigned to those banks thereby limiting exposure to credit-related losses in the event of non-performance by a counterparty.

Funding and liquidity

The Company's role within the Group is to provide funds for operations, primarily from external borrowings, principally from bank credit facilities. The credit facilities are generally structured on a committed multi-currency revolving basis with maturities ranging out to November 2010. Borrowings under the facilities are floating rate, unsecured obligations with covenants and undertakings typical for these types of arrangements. To minimise foreign exchange risks borrowings are arranged in the currency of the relevant operating asset to be funded.

Interest rate risk

The Group's interest rate risk policy is designed to reduce volatility in funding costs through prudent selection of hedging instruments. This policy comprises maintaining a mix of fixed and floating rate instruments within a target band over a certain time horizon.

Foreign exchange risk

The Group's foreign exchange exposures are managed from the perspective of protecting shareholder value. Under the Group 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. New exposures may arise with external parties or by way of cross-border inter-company transactions. Forward foreign exchange contracts are primarily used for these purposes.

DIRECTORS' REPORT (continued)**Policy regarding payment of trade creditors**

The Company adheres to the Brambles Group policy to abide by terms of payment agreed with suppliers. In many cases, the terms of payment are as stated in the suppliers' own literature. In other cases, the terms of payment are determined by specific written or oral agreement. Brambles does not follow any published code or standard on payment practice.

Directors

The following served as directors during the year

P Bruford	(appointed 29 September 2006)
R J Harris	(resigned 29 September 2006, re-appointed 22 November 2006, resigned 25 June 2007)
P Huat	(appointed 29 September 2006)
K A Porritt	(resigned 29 September 2006)
S N Scholes	(resigned 29 September 2006)
R A Warren	(appointed 29 September 2006)

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 behalf of the Board



R Warren
Director

8 January 2008

Unit 2 Weybridge Business Park
Addlestone Road
Addlestone, Surrey
KT15 2UP

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the Company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the directors' duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of directors
Signed on behalf of the Board



R Warren
Director

 January 2008

Unit 2 Weybridge Business Park
Addlestone Road
Addlestone, Surrey
KT15 2UP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRAMBLES FINANCE PLC

We have audited the financial statements of Brambles Finance plc for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

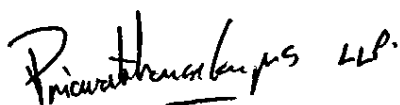
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 January 2008

PROFIT AND LOSS ACCOUNT *
For the year ended 30 June 2007

	Note	2007 £	2006 £
Administrative expenses		(128,224)	(86,030)
OPERATING LOSS	2	(128,224)	(86,030)
Interest payable and similar charges	3	(32,420,044)	(47,958,764)
Interest receivable and similar income	3	33,709,321	48,051,550
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,161,053	6,756
Tax on profit on ordinary activities	4	(348,316)	(2,027)
RETAINED PROFIT FOR THE YEAR		812,737	4,729
RESERVES BROUGHT FORWARD		16,692	11,963
RESERVES CARRIED FORWARD		829,429	16,692

All amounts in 2007 and 2006 derive from continuing operations. There were no recognised gains or losses in the year other than the result shown above.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

BALANCE SHEET
As at 30 June 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Amounts due from fellow group undertakings (of which £366,078,495 (2006 £777,220,035) falls due after more than one year)		366,078,495	777,220,035
Other debtors		837,966	669,431
Prepayments		548,254	829,540
		367,464,715	778,719,006
CREDITORS: amounts falling due within one year			
Bank overdraft		(23,750,262)	(6,561,887)
Creditors	5	(303,858,263)	(466,630,381)
		(327,608,525)	(473,192,268)
NET CURRENT ASSETS		39,856,190	305,526,738
CREDITORS: amounts falling due after more than one year			
Borrowings	5,6	(38,976,761)	(305,460,046)
NET ASSETS		879,429	66,692
CAPITAL AND RESERVES			
Called up share capital	7	50,000	50,000
Profit and loss account		829,429	16,692
EQUITY SHAREHOLDERS' FUNDS	8	879,429	66,692

The financial statements were approved by the Board of directors on 8 January 2008

Signed on behalf of the Board of directors



P Bruford
Director

The notes on pages 7 to 10 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007**1 Accounting policies**

The financial statements are prepared under the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 1985. The principal accounting policies which have been adopted are set out below.

a) Finance income and expenditure

Finance income is recognised as income in the year in which it is earned. Finance expenditure is recognised as an expense in the year in which it is incurred.

b) Financial Instruments

Derivative instruments used by the Company, which are used solely for hedging purposes (ie 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 the Company's existing underlying exposure.

As such instruments are used solely for hedging purposes, the Company defers the instrument's impact on profit until it recognises the underlying hedged item in the profit and loss account. Interest differentials under interest rate swaps, caps and collars are recognised by adjustment of the underlying interest receivable or payable over the term of the agreement and as such are accrued to the profit and loss account on a time apportioned basis. Currency swap agreements and forward foreign exchange contracts are valued at closing exchange rates. Resulting gains and losses are offset against foreign exchange gains or losses on the related borrowings or, where the instrument is used to hedge a committed future transaction, are deferred until the transaction occurs and shown within debtors or creditors as appropriate.

c) 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.

d) 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 balances are not discounted.

e) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

2 Profit and loss account

The audit fees for the Company have been borne by Brambles Holdings (UK) Limited, a fellow group undertaking, during the year (2006 by Brambles Industries plc)

The Company had no employees during the year (2006 nil) All administrative duties are performed by employees of Brambles Holdings (UK) Limited and Brambles Limited (an Australian company), at no cost to the Company

None of the directors received any emoluments or any other benefits as described in Schedule 6 to the Companies Act 1985 from the Company during the year (2006 nil) All of the directors receive remuneration from Brambles Holdings (UK) Limited as employees of that company and, due to the non-executive nature of their services, it is not appropriate to make an apportionment of their emoluments in respect of the Company

3 Net interest (payable)/receivable and similar (charges)/income	2007	2006
	£	£
Interest paid or payable on		
- Bank loans	(9,658,832)	(32,332,615)
- Loans from fellow group undertakings	(18,569,392)	(14,663,220)
- Foreign exchange loss	(4,191,820)	(962,929)
	(32,420,044)	(47,956,758)
Interest received or receivable on		
- External deposits	939,096	-
- Loans to fellow group undertakings	32,770,225	48,051,550
- Foreign exchange gain	-	-
	33,709,321	48,051,550
	1,289,277	92,786

4 Tax on profit on ordinary activities	2007	2006
	£	£
Current tax charge on income for the year at 30% (2006 30%)	348,316	2,027

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007

5 Creditors	2007	2006
	£	£
Amounts falling due within one year		
Amounts owed to fellow group undertakings	303,420,610	465,404,967
Group relief payable	355,470	7,154
Accruals	82,183	1,218,260
	303,858,263	466,630,381
Amounts falling due after more than one year		
Bank loans	38,976,761	305,460,046

6 Maturity of financial liabilities	2007	2006
	£	£
The maturity profile of the financial liabilities is		
- between two and five years	38,976,761	305,460,046
- after five years	-	-
	38,976,761	305,460,046

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 year was 4.53% (2006 4.35%).

7 Called up share capital	2007	2006
	£	£
<u>Authorised</u>		
10,000,000 (2006 10,000,000) ordinary shares of £1 each	10,000,000	10,000,000
<u>Allotted and fully paid</u>		
50,000 (2006 50,000) ordinary shares of £1 each	50,000	50,000

8 Reconciliation of movement in shareholders' funds	2007	2006
	£	£
Profit for financial year	812,737	4,729
Net increase in shareholders' funds	812,737	4,729
Opening shareholders' funds	66,692	61,963
Closing shareholders' funds	879,429	66,692

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2007**9 Contingent liabilities**

The Company, in conjunction with certain companies within the Brambles group in the United Kingdom, is party to a composite guarantee structure with a clearing bank for set-off arrangements to a net maximum of £10,000,000 (2006 £10,000,000)

10 Related party transactions

In accordance with FRS 8 'Related Party Disclosures', transactions with other group undertakings of Brambles Limited have not been disclosed in these financial statements as the Company is a wholly owned subsidiary of a parent publishing consolidated financial statements

11 Ultimate parent undertaking

The parent undertaking of the largest group for which group financial statements are prepared and ultimate controlling party was Brambles Industries Limited, which is incorporated in Australia, until 4 December 2006, and changed to Brambles Limited, which is incorporated in Australia, from that date

The parent undertaking of the smallest group for which group financial statements are prepared is Brambles Holdings Unlimited, which is incorporated in England and Wales

Until 1 August 2006, the Company's immediate parent was Brambles Industries plc, which is incorporated in England and Wales. From that date, the Company's immediate parent undertaking is Brambles UK Limited, which is incorporated in England and Wales. Copies of all group financial statements are available from Unit 2, Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP