

**BRAMBLES FINANCE PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**30 JUNE 2011**



# **BRAMBLES FINANCE PLC**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS** **For the period ended 30 June 2011**

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**DIRECTORS' REPORT**

The directors submit their report and the audited financial statements of Brambles Finance plc ("the Company") for the 3 month period ended 30 June 2011

**Principal activities and review of the business**

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

Throughout the period 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.

With effect from 3 April 2011, the Company's functional and reporting currency changed from pounds sterling to euro. On 22 March 2011, the Company changed its accounting reference date from 30 June to 2 April in order to enable a set of financial statements to be drawn up in pounds sterling. On 20 April 2011, the Company changed its accounting reference date from 2 April back to 30 June. The financial statements for the period 3 April to 30 June 2011 are presented in euro, and comparative figures for the 9 months to 2 April 2011 have been translated to euro using the closing exchange rate as at 2 April 2011 of £1 = €1.1324.

On 2 April 2011, all intercompany loan relationships denominated in pounds sterling were transferred from the Company to Brambles U.K. Limited, and on 7 May 2011, the Company assumed all outstanding intercompany loan relationships denominated in euro from various fellow group undertakings.

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

**Key performance indicators**

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

**Results and dividends**

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

The Company did not pay an interim dividend during the period (9 months to 2 April 2011: €20,850,729). The directors do not recommend the payment of a final dividend (9 months to 2 April 2011: nil).

**Financial risk management**

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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 February 2016. 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.

**DIRECTORS' REPORT (continued)**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.

Other risks and uncertainties

The principal risks and uncertainties facing the Company and the Brambles Group are described in the Brambles Limited Annual Report 2011 page 13.

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 throughout the period:

P Bruford  
P Huat  
R A Warren

Independent 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 A Warren  
**Director**

17 November 2011

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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 and each director has taken all the steps that he ought to have taken 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 A Warren  
**Director**

17 November 2011

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 period ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



K Turner (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

17 November 2011

**PROFIT AND LOSS ACCOUNT**  
**For the period ended 30 June 2011**

|                                                      | Note | 3 months to<br>30 June 2011<br>€ | 9 months to<br>2 April 2011<br>€ |
|------------------------------------------------------|------|----------------------------------|----------------------------------|
| Administrative expenses                              |      | (93,278)                         | (148,023)                        |
| <b>OPERATING LOSS</b>                                | 2    | (93,278)                         | (148,023)                        |
| Interest receivable and similar income               | 3    | 14,018,787                       | 14,311,808                       |
| Interest payable and similar charges                 | 3    | (11,232,109)                     | (10,535,776)                     |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | 2,693,400                        | 3,628,009                        |
| Tax on profit on ordinary activities                 | 4    | (700,284)                        | (1,015,843)                      |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>  |      | 1,993,116                        | 2,612,166                        |
| Dividends paid                                       | 5    | -                                | (20,850,729)                     |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>        | 8    | 1,993,116                        | (18,238,563)                     |
| RESERVES BROUGHT FORWARD                             |      | 255,660                          | 18,494,223                       |
| <b>RESERVES CARRIED FORWARD</b>                      |      | 2,248,776                        | 255,660                          |

All amounts in 2011 (current and preceding periods) derive from continuing operations. There were no recognised gains or losses in the period other than the result shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit/(loss) for the financial periods stated above and their historical cost equivalents.

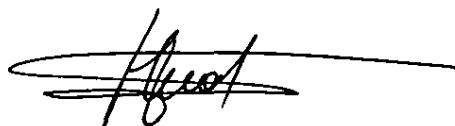
**BALANCE SHEET**  
**As at 30 June 2011**

|                                                                                                                                           | Note | 30 June 2011<br>€    | 2 April 2011<br>€    |
|-------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                                                                                                                     |      |                      |                      |
| Amounts due from fellow group undertakings<br>(of which €1,388,098,021 (2 April 2011 €861,999,181) falls<br>due after more than one year) |      | 1,404,075,284        | 861,999,181          |
| Prepayments                                                                                                                               |      | 1,186,283            | 773,145              |
|                                                                                                                                           |      | <b>1,405,261,567</b> | <b>862,772,326</b>   |
| <b>CREDITORS' amounts falling due within one year</b>                                                                                     |      |                      |                      |
| Bank overdraft                                                                                                                            |      | (4,184,420)          | -                    |
| Creditors                                                                                                                                 | 6    | (785,149,672)        | (537,462,896)        |
|                                                                                                                                           |      | <b>(789,334,092)</b> | <b>(537,462,896)</b> |
| <b>NET CURRENT ASSETS</b>                                                                                                                 |      | <b>615,927,475</b>   | <b>325,309,430</b>   |
| <b>CREDITORS amounts falling due after more than one year</b>                                                                             |      |                      |                      |
| Borrowings                                                                                                                                | 6    | (613,621,513)        | (324,997,150)        |
| <b>NET ASSETS</b>                                                                                                                         |      | <b>2,305,962</b>     | <b>312,280</b>       |
| <b>CAPITAL AND RESERVES</b>                                                                                                               |      |                      |                      |
| Called up share capital                                                                                                                   | 7    | 57,186               | 56,620               |
| Profit and loss account                                                                                                                   |      | 2,248,776            | 255,660              |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                                                                                                          | 8    | <b>2,305,962</b>     | <b>312,280</b>       |

The financial statements were approved by the Board of directors on 17 November 2011

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

Signed on behalf of the Board of directors



P Huart  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 30 June 2011****1 Accounting policies**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies which have been adopted are set out below. The functional and presentation currency is Euro.

**a) Finance income and expenditure**

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

The Company has derivative financial instruments with fair values at the end of the period of €191,555.36 (2 April 2011: €52,952). At 30 June 2011 foreign exchange swaps with external banks were used as hedges against certain intercompany loans denominated in foreign currencies, whereas at 2 April 2011, foreign exchange swaps with external banks were mirrored by back-to-back foreign exchange swaps with fellow group undertakings and net to zero.

**c) Foreign currency translation**

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

**d) Distributions**

Dividends to the Company's shareholders are recognised as liabilities in the period in which the dividends are paid, in the case of interim dividends, or approved by the Company's shareholders, in the case of final dividends.

**e) 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.

**f) Cash flow statement**

The Company has taken advantage of the exemption permitted by FRS 1 (revised 1996) '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 (continued)**  
**For the period ended 30 June 2011**

**2 Operating loss**

The audit fees for the Company have been borne by Brambles Holdings (UK) Limited, a fellow group undertaking, during the current and preceding periods

The Company had no employees during the period (9 months to 2 April 2011: none). 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 5 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from the Company during the period (9 months to 2 April 2011: 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.

| <b>3 Net interest (payable)/receivable and similar (charges)/income</b> | <b>3 months to<br/>30 June 2011<br/>€</b> | <b>9 months to<br/>2 April 2011<br/>€</b> |
|-------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Interest payable and similar charges                                    |                                           |                                           |
| - Bank loans                                                            | (5,470,903)                               | (9,724,373)                               |
| - Other external interest                                               | -                                         | (1,232)                                   |
| - Loan note                                                             | (4,691,166)                               | -                                         |
| - Loans from fellow group undertakings                                  | (1,067,596)                               | (770,833)                                 |
| - Foreign exchange loss                                                 | (2,444)                                   | (39,338)                                  |
|                                                                         | <b>(11,232,109)</b>                       | <b>(10,535,776)</b>                       |
| Interest receivable and similar income                                  |                                           |                                           |
| - External deposits                                                     | 157,961                                   | 127,951                                   |
| - Loans to fellow group undertakings                                    | 13,860,826                                | 14,183,857                                |
|                                                                         | <b>14,018,787</b>                         | <b>14,311,808</b>                         |
|                                                                         | <b>2,636,678</b>                          | <b>3,776,032</b>                          |

| <b>4 Tax on profit on ordinary activities</b>                                      | <b>3 months to<br/>30 June 2011<br/>€</b> | <b>9 months to<br/>2 April 2011<br/>€</b> |
|------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Current tax charge on income for the period at 26% (9 months to 2 April 2011: 28%) | 700,284                                   | 1,015,843                                 |

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 26% (9 months to 2 April 2011: 28%). There is no difference between the actual taxation charge for the current period and the standard rate of corporation tax.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period ended 30 June 2011**

| <b>5</b> | <b>Dividends paid</b> | <b>3 months to<br/>30 June 2011<br/>€</b> | <b>9 months to<br/>2 April 2011<br/>€</b> |
|----------|-----------------------|-------------------------------------------|-------------------------------------------|
|----------|-----------------------|-------------------------------------------|-------------------------------------------|

Dividends paid on equity shares- interim nil (9 months to 2 April 2011 £368 26 per £1 share)

- 20,850,729

| <b>6</b> | <b>Creditors</b> | <b>30 June 2011<br/>€</b> | <b>2 April 2011<br/>€</b> |
|----------|------------------|---------------------------|---------------------------|
|----------|------------------|---------------------------|---------------------------|

**Amounts falling due within one year**

|                                           |                    |             |
|-------------------------------------------|--------------------|-------------|
| Amounts owed to fellow group undertakings | <b>778,170,517</b> | 3,970,420   |
| Bank loans                                | -                  | 532,000,001 |
| Group relief payable                      | <b>682,592</b>     | -           |
| Corporation tax payable                   | <b>48,867</b>      | 48,867      |
| Accruals                                  | <b>6,247,696</b>   | 1,443,608   |
|                                           | <b>785,149,672</b> | 537,462,896 |

**Amounts falling due after more than one year**

|            |                    |             |
|------------|--------------------|-------------|
| Bank loans | <b>117,680,686</b> | 324,997,150 |
| Loan note  | <b>495,940,827</b> | -           |
|            | <b>613,621,513</b> | 324,997,150 |

The maturity profile of the financial liabilities is

|                              |                    |             |
|------------------------------|--------------------|-------------|
| - between one and two years  | <b>25,453,478</b>  | 91,736,731  |
| - between two and five years | <b>92,227,208</b>  | 233,260,419 |
| - more than five years       | <b>495,940,827</b> | -           |
|                              | <b>613,621,513</b> | 324,997,150 |

The financial liabilities comprise non-instalment debt. Debt comprises bank debt and a loan note 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 3.2% (2 April 2011 2.96%).

The Company is party to the Brambles Group's global committed borrowing facilities, details of which are disclosed in Note 24 of the 2011 Annual Report of Brambles Limited. The expiry dates of committed facilities range out to calendar year 2016. The Company's participation in these facilities ensure that it is able to meet its current liabilities as they fall due.

On 20 April 2011, the Company issued a €500 million Eurobond loan note. The loan note has a seven year term with a maturity date of 20 April 2018, a fixed coupon of 4.625%, and is listed on the Singapore Stock Exchange. Proceeds of the loan note were used to repay external bank debt.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period ended 30 June 2011**

| <b>7 Called up share capital</b>                                                           | <b>30 June 2011</b> | <b>2 April 2011</b> |
|--------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                            | <b>€</b>            | <b>€</b>            |
| <u>Allotted and fully paid</u>                                                             |                     |                     |
| 50,500 ordinary shares of €1 1323746 each (2 April 2011 50,000 ordinary shares of £1 each) | <b>57,186</b>       | <b>56,620</b>       |

On 8 April 2011, the Company allotted 500 ordinary shares of £1 each at par, and immediately converted its entire allotted share capital of 50,500 ordinary shares of £1 each into 50,500 ordinary shares of €1 1323746 each

| <b>8 Reconciliation of movement in shareholders' funds</b> | <b>30 June 2011</b> | <b>2 April 2011</b> |
|------------------------------------------------------------|---------------------|---------------------|
|                                                            | <b>€</b>            | <b>€</b>            |
| Profit for financial period                                | <b>1,993,116</b>    | 2,612,166           |
| Allotment of ordinary shares                               | <b>566</b>          | -                   |
| Dividends paid                                             | -                   | (20,850,729)        |
| Net increase/(decrease) in shareholders' funds             | <b>1,993,682</b>    | (18,238,563)        |
| Opening shareholders' funds                                | <b>312,280</b>      | 18,550,843          |
| Closing shareholders' funds                                | <b>2,305,962</b>    | 312,280             |

**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 (9 months to 2 April 2011 £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. There are no other related party transactions.

**11 Ultimate parent undertaking**

The parent undertaking of the largest, and smallest, group for which group financial statements are prepared and ultimate controlling party is Brambles Limited, which is incorporated in Australia.

The Company's immediate parent undertaking is Brambles Holdings Unlimited, a company 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.