

31 August 2004

**Brambles**

The Manager-Listings  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

*Via electronic lodgement*

Dear Madam

**Brambles reports annual results for the year ended 30 June 2004**

The attached material contains the preliminary final report for the year ended 30 June 2004 for the combined businesses of Brambles Industries Limited and Brambles Industries plc ("Brambles").

The preliminary results for Brambles under UK GAAP are being lodged with the London Stock Exchange simultaneously with this release and will be available on the company's website.

Yours faithfully  
**Brambles Industries Limited**

**C A van der Laan de Vries**  
Company Secretary

Brambles' global headquarters are in Sydney, Australia

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### **Brambles reports solid progress for the year ended 30 June 2004**

Brambles today reported a stronger second half performance resulting in profit before tax, goodwill amortisation and significant items for the year ended 30 June 2004 of A\$757 million, 2% below the previous year, but up 7% in constant currency. Profit after tax before goodwill amortisation and significant items was 2% lower at A\$520 million, but grew 8% in constant currency.

Comparable operating profit in the second half of the year increased by A\$116 million to A\$527 million compared with the first half of A\$411 million, due to strong improvements in CHEP (across all regions) and Cleanaway.

A summary of the key financial results for the year is:

- Profit before tax, goodwill amortisation and significant items was 2% lower at A\$757 million, but grew in constant currency by 7%;
- The impact of currency translation adversely affected profit before tax, goodwill amortisation and significant items by A\$57 million;
- Profit after tax before goodwill amortisation and significant items at A\$520 million was 2% lower, but grew 8% in constant currency;
- Profit after tax, goodwill amortisation and significant items (after minority interests) was 5% lower at A\$314 million, but in constant currency grew by 6%;
- Free cash flow was A\$619 million, an increase of A\$412 million over the previous year;
- Capital expenditure was A\$264 million lower than the previous year at A\$980 million;
- Earnings per share before goodwill amortisation and significant items were 2% lower at 30.7 cents, but grew in constant currency by 8%; and
- Earnings per share after goodwill amortisation and significant items at 18.6 cents was 5% below the previous year, but grew in constant currency by 6%.

Commenting on the results, Brambles Chief Executive Officer, David Turner, said: "We made solid progress for the year. The increase in second half comparable operating profit of A\$116 million over the first half was an excellent outcome. In addition, cash flow was strong and for the full year Brambles generated free cash flow of A\$619 million, a surplus of A\$280 million after dividends. The improvement in free cash flow of A\$412 million over the previous year reflects our disciplined approach to capital expenditure and tighter management of working capital."

"This year, CHEP delivered significant profit improvement in each of its key regions, the costs associated with the CHEP Europe restructuring have been completed, and the profitability in all regions grew strongly in the second half of the year led by CHEP USA.

“We are targeting continued generation of free cash flow as the concentration on value management continues across Brambles. The business is performing well in the early part of the current financial year and this, together with our focus on further operational improvements, is expected to form the basis for good progress in 2005.”

## **2004 Highlights**

### **Group**

- Sales from continuing businesses were 3% lower at A\$7,644 million, but grew 7% in constant currency, with growth in all businesses;
- Comparable operating profit for continuing businesses was 4% lower at A\$936 million, but in constant currency grew by 6%;
- Operating cash flow after gross capital expenditure improved significantly to A\$840 million;
- Brambles generated free cash flow of A\$619 million, a surplus of A\$280 million after dividends;
- Significant items charged were A\$117 million (A\$123 million after tax);
- The translational effect of currency movements on profit before tax, goodwill amortisation and significant items was A\$57 million unfavourable on the Australian dollar result but £2 million favourable on the equivalent Sterling result ;
- Net debt was A\$3,645 million, compared with A\$3,954 million at 30 June 2003; and
- Final dividend for shareholders in Brambles Industries Limited is 10 cents per share, fully franked. Second interim dividend for shareholders in Brambles Industries plc is 3.918 pence per share.

### **Business Units**

- CHEP delivered growth in comparable operating profit of 2% to A\$553 million, an increase of 14% in constant currency. Sales were 2% lower at A\$3,428 million, but grew in constant currency by 11%. Capital expenditure fell by A\$249 million to A\$650 million;
- This solid sales growth, combined with lower costs and the non-recurrence of one-off charges in the USA, saw the comparable operating profit for CHEP Americas in constant currency terms increase 89% in the second half over the first;
- CHEP Europe restructuring costs of A\$92 million were charged as a significant item in 2004. Costs of the CHEP Europe restructure, announced in November 2002, were in line with expectations. The net headcount reduction of 350 has been achieved and the two new administration centres in Spain and the UK are now operational;
- As expected, Cleanaway's comparable operating profit for 2004 was 16% lower at A\$218 million, and in constant currency 10% lower. However, comparable operating profits increased by A\$10 million in the second half of the year over the first half due to significantly improved results in the UK;
- As anticipated, Recall had a challenging year but all regions delivered sales growth. Comparable operating profit was 18% lower at A\$106 million, and in constant currency 10% lower, due to its European operations. Recall is expected to resume profit growth in 2005;

Currency, percentage comparisons and GAAP conventions are set out on page 3

- Brambles Industrial Services improved comparable operating profit by 6% to A\$83 million, an increase in constant currency of 14%, on slightly lower sales (due to non-core asset disposals) and had another strong year of generating operating cash flow; and
- Regional Businesses delivered growth in comparable operating profit of 9% to A\$12 million, in constant currency 25%, led by a turnaround in Interlake.

Notes:

All A\$ amounts are presented in UKGAAP and quoted at actual exchange rates.

Constant currency relative performance is calculated by translating both current period and comparable period results into Sterling at the actual monthly exchange rates applicable for the comparable period. Its purpose is to show relative performance between periods before the translation impact of currency fluctuations.

Where only one percentage comparison appears, the actual and constant exchange rate calculations give the same rounded result.

Comparable operating profit is defined as profit before interest, tax, goodwill amortisation and significant items.

Free cash flow is defined as cash flow generated by the business after net capital expenditure, interest and taxation but excluding the net cost of acquisitions and proceeds from business disposals.

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**Brambles is globally headquartered in Australia**

An analysts' briefing will be held in Sydney at 10.00am on 31 August 2004. This will be webcast and available with supporting slides on [www.brambles.com](http://www.brambles.com)

# Brambles

**Preliminary Results for the year ended 30 June 2004**

For the Combined Businesses of  
Brambles Industries Limited  
and Brambles Industries plc

## **Brambles**

### **PRELIMINARY FINAL REPORT**

for the year ended 30 June 2004

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## Brambles

### SUMMARY OF COMBINED RESULTS

for the year ended 30 June 2004

#### Results for announcement to the market

<b>At actual exchange rates AGAAP</b>	<b>2004 A\$ millions</b>	<b>2003 A\$ millions</b>	<b>% increase/ (decrease) at actual fx rates</b>
<b>RESULTS BEFORE SIGNIFICANT ITEMS AND GOODWILL AMORTISATION</b>			
<b>Continuing businesses</b>			
Sales revenue from ordinary activities, including share of sales revenue of joint ventures and associates	<b>7,644.3</b>	7,898.0	(3%)
Operating profit (EBITA)	<b>920.9</b>	965.7	(5%)
<b>Total businesses</b>			
Sales revenue from ordinary activities, including share of sales revenue of joint ventures and associates	<b>7,652.3</b>	8,141.0	(6%)
Operating profit (EBITA)	<b>923.2</b>	991.0	(7%)
Profit before tax	<b>746.1</b>	769.6	(3%)
Profit after tax	<b>515.0</b>	544.5	(5%)
Earnings per share (cents)	<b>30.5</b>	32.2	(5%)
<b>RESULTS AFTER SIGNIFICANT ITEMS AND GOODWILL AMORTISATION</b>			
Earnings before interest and tax (EBIT)	<b>716.6</b>	729.4	(2%)
Profit before tax	<b>539.5</b>	508.0	6%
Profit from ordinary activities after tax attributable to members	<b>306.6</b>	329.8	(7%)
Basic earnings per share (cents)	<b>18.1</b>	19.5	(7%)
<b>Cash flow from operations after gross capital expenditure</b> <sup>1</sup>	<b>839.5</b>	579.8	45%
<b>Net debt</b>	<b>3,645.1</b>	3,953.6	8%
<b>Dividend</b>			
Final dividend per share, 100% franked (cents)	<b>10.0</b>	10.0	-
Dividend record date	<b>24 September 2004</b>		
Final dividend payable date	<b>14 October 2004</b>		

<sup>1</sup> Refer note 1 below

A summary of business performance under actual and constant currency, and under AGAAP and UK GAAP, is set out on page 4.

A reconciliation between AGAAP and UK GAAP is set out in Note 15 of the combined financial information.

## Brambles

### Results for announcement to the market *continued*

#### COMPARATIVE BUSINESS PERFORMANCE AT CONSTANT CURRENCY EXCHANGE RATES

Sales (including share of joint ventures and associates)	AGAAP		UK GAAP			UK GAAP			
	2004 actual	2003 actual	2004 actual	2003 actual	% change	2004 actual	2004 at prior year fx rates	2003 actual	% change at constant currency
	A\$ millions		A\$ millions			£ millions			
CHEP	3,428	3,485	3,428	3,485	(2%)	1,394	1,422	1,284	11%
Cleanaway	2,548	2,618	2,548	2,618	(3%)	1,037	1,010	964	5%
Recall	673	698	673	698	(4%)	274	278	258	8%
Brambles Industrial Services	705	766	705	766	(8%)	287	272	282	(4%)
Regional Businesses	290	331	290	331	(12%)	117	128	121	6%
Total Continuing	7,644	7,898	7,644	7,898	(3%)	3,109	3,110	2,909	7%
Discontinued	8	243	8	243	-	3	3	88	
<b>Total Sales</b>	<b>7,652</b>	<b>8,141</b>	<b>7,652</b>	<b>8,141</b>	<b>(6%)</b>	<b>3,112</b>	<b>3,113</b>	<b>2,997</b>	<b>4%</b>
<b>Comparable operating profit <sup>1</sup></b>									
CHEP	553	542	553	543	2%	224	226	199	14%
Cleanaway	209	250	218	260	(16%)	89	86	96	(10%)
Recall	104	128	106	130	(18%)	43	44	49	(10%)
Brambles Industrial Services	83	78	83	78	6%	34	32	28	14%
Regional Businesses	10	8	12	11	9%	5	5	4	25%
Corporate	(38)	(40)	(36)	(46)	22%	(15)	(13)	(17)	24%
Continuing Business	921	966	936	976	(4%)	380	380	359	6%
Discontinued	2	25	2	25	-	1	1	10	
<b>Total comparable operating profit</b>	<b>923</b>	<b>991</b>	<b>938</b>	<b>1,001</b>	<b>(6%)</b>	<b>381</b>	<b>381</b>	<b>369</b>	<b>3%</b>
Net interest expense	(177)	(221)	(181)	(226)		(74)	(76)	(83)	8%
<b>Profit before tax, goodwill amortisation and significant items (PBTA)</b>	<b>746</b>	<b>770</b>	<b>757</b>	<b>775</b>		<b>307</b>	<b>305</b>	<b>286</b>	<b>7%</b>
Goodwill amortisation	(102)	(111)							
Significant items, before tax	(104)	(151)							
<b>Profit from ordinary activities before tax expense</b>	<b>540</b>	<b>508</b>							
Tax expense on PBTA			(237)	(244)		(97)	(95)	(91)	(4%)
<b>Profit after tax before goodwill amortisation and significant items (PATA)</b>			<b>520</b>	<b>531</b>		<b>210</b>	<b>210</b>	<b>195</b>	<b>8%</b>
Goodwill amortisation			(86)	(92)		(35)	(36)	(34)	
Significant items, before tax			(117)	(151)		(48)	(49)	(62)	
Tax on significant items			(6)	47		(2)	(2)	19	
<b>Profit after tax</b>			<b>311</b>	<b>335</b>		<b>125</b>	<b>123</b>	<b>118</b>	<b>4%</b>
Minority interest			3	(3)		1	1	(1)	
<b>Profit after tax (after minorities)</b>			<b>314</b>	<b>332</b>		<b>126</b>	<b>124</b>	<b>117</b>	<b>6%</b>
Basic earnings per share (cents/pence)			18.6	19.6		7.5	7.3	6.9	6%
Earnings per share on PATA (cents/pence)			30.7	31.2		12.4	12.4	11.5	8%
BVA (Brambles Value Added)							4	(12)	

<sup>1</sup> Profit before interest, tax, goodwill amortisation and significant items. Refer also to note 1 below.

## **Brambles**

### **Note 1**

Throughout this business commentary, all references to comparable operating profits are to 'profit before interest, tax, goodwill amortisation and significant items', which the Directors consider to be a useful measure of business performance.

Measures of relative business performance have been calculated in constant currency, by translating both current period and comparable period results into sterling at the actual monthly exchange rates applicable during the comparable period. In the statutory financial statements, foreign currency results have been translated at the applicable actual monthly exchange rates ruling in each year.

Cash flow from operations after gross capital expenditure refers to net receipts in the course of operations, less purchases of property, plant and equipment.

Brambles' profit before interest, tax and significant items, after charging goodwill amortisation, is analysed by business segment on page 26.

## **TRADING PERFORMANCE**

As expected, solid progress was achieved in the year, with trading performance in the second half much stronger than the first half.

Sales from continuing businesses were 3% lower at A\$7.6 billion, but an increase of 7% in constant currency. Sales for CHEP, Cleanaway and Recall were below the previous year by 2%, 3% and 4% respectively, but grew in constant currency by 11%, 5% and 8% respectively.

Comparable operating profit (profit before interest, tax, goodwill amortisation and significant items) from continuing businesses was A\$936 million compared with A\$976 million the previous year, 4% lower, but an increase of 6% in constant currency. The second half of the year in constant currency was 29% above the first half.

Profit before tax, goodwill amortisation and significant items was A\$757 million compared with A\$775 million, 2% below the previous year. Earnings per share before goodwill amortisation and significant items were 2% lower at 30.7 cents compared with 31.2 cents the previous year, but grew 8% in constant currency.

Profit before tax after goodwill amortisation and significant items increased by 4% to A\$554 million compared with A\$532 million in the previous year, an increase of 16% in constant currency.

Brambles Value Added (BVA), calculated as comparable operating profit less a 12% capital charge, was £4 million for the year, an improvement of £16 million (BVA is defined in Sterling).

Brambles generated free cash flow of A\$619 million, a surplus of A\$280 million after dividends. Operating cash flow after gross capital expenditure improved significantly to A\$840 million. All divisions remain firmly focused on the more efficient use of assets (utilising the BVA methodology) and on cash generation.

CHEP's comparable operating profit increased by 2% to A\$553 million, but grew strongly in constant currency by 14%. Sales were lower by 2%, however grew in constant currency by 11%. Capital expenditure fell A\$249 million to A\$650 million. Solid sales growth, lower costs and the non-recurrence of one-off first half charges in the USA saw the comparable operating profit for CHEP Americas increase 89% in the second half over the first in constant currency. Expenditure on the restructuring of CHEP Europe, announced in November 2002, was in line with expectations and a net headcount reduction of 350 has been achieved.

As expected, Cleanaway's comparable operating profit for 2004 was A\$218 million, down 16% and in constant currency down 10%. However, Cleanaway improved its comparable operating profits by A\$10 million in the second half of the year due to significantly improved results in the UK.

As anticipated, Recall had a challenging year with comparable operating profit 18% lower, and in constant currency 10% lower, due to the performance of its European operations though all regions delivered constant currency sales growth. Recall is expected to resume profit growth in 2005.

Brambles Industrial Services achieved a 6% improvement in comparable operating profit, an increase in constant currency of 14% on slightly lower sales and had another strong year of generating operating cash flow.

Regional Businesses grew comparable operating profit by 9% to A\$12 million, an increase of 25% in constant currency, led by a turnaround in Interlake.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## **SIGNIFICANT ITEMS**

Significant items of A\$117 million (A\$123 million after tax) resulted principally from a write-down in the carrying value of goodwill in Interlake (A\$43 million), the completion of costs related to the restructuring of CHEP Europe (A\$92 million), the reorganisation of CHEP's global management structure (A\$16 million) and Cleanaway restructuring (A\$25 million), offset in part by the gain on sale of Meineke Car Care Centers (A\$72 million). Brambles announced at the half year that it had adopted a prudent approach to the carrying value of Interlake by writing off the entire goodwill. The decision was made in the light of Interlake's medium term profitability and notwithstanding some improvement in current trading.

A total of A\$217 million has been charged on the reorganisation in CHEP Europe since the start in November 2002, and the expenditure has now been completed.

## **FINANCIAL POSITION**

Cash flow from operations after gross capital expenditure again improved significantly, up by A\$260 million to A\$840 million. Free cash flow of A\$619 million was A\$412 million higher than the previous year and was more than sufficient to pay the dividends of A\$339 million.

Net interest expense was A\$181 million compared with A\$226 million in the previous year with the improvement due to lower interest rates and favourable exchange rate movements.

Working capital in continuing businesses improved significantly and was reduced by A\$114 million. In particular, debtor days were reduced in CHEP Americas and Europe, Cleanaway UK and Recall Europe.

Net debt declined by A\$309 million to A\$3,645 million at 30 June 2004. Financial coverage ratios continued to improve, with EBITDA interest cover at 9.7 times (2003: 8.2 times) and net debt/EBITDA at 2.1 times (2003: 2.1 times).

In August 2004, after the end of the financial year, Brambles completed a US private placement debt raising of US\$425 million (approximately A\$610 million) with maturities in seven, ten and twelve years. The proceeds were used to repay bank debt.

## **CAPITAL EXPENDITURE**

Capital expenditure for the year was A\$980 million, significantly lower than the A\$1,244 million in the previous year and reflected the disciplined approach adopted.

In CHEP, capital expenditure at A\$650 million was A\$249 million below the previous year. The principal driver of the reduction was CHEP Americas, where capital expenditure reduced by A\$199 million as a result of a one-time reduction in pallet stocks and ongoing improvements in asset management. Capital expenditure in CHEP Europe also reduced and at A\$306 million was A\$54 million below the previous year. Expenditure in CHEP Rest of World increased marginally but was significantly below the rate of sales growth.

Capital expenditure in Cleanaway was A\$202 million (A\$12 million lower due to currency translation effects outweighing a small underlying increase to support new municipal contracts), in Recall A\$64 million (in line with the previous year due to currency translation effects cancelling out a small underlying increase, particularly in information technology) and in Brambles Industrial Services A\$60 million (A\$6 million higher, reflecting new contracts particularly in Australia).

The ratio of capital expenditure to depreciation was 1.2 times (2003: 1.4 times).

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## **Brambles**

### **BUSINESS DISPOSALS**

The only significant disposal in the period was Meineke Car Care Centers, sold in August 2003 for net proceeds of A\$102 million. The resulting profit on sale of A\$72 million (A\$42 million after tax) is shown as a significant item.

### **TAXATION**

Brambles' tax rate remained very similar to the previous year at 31.3% of profit before tax, goodwill amortisation and significant items.

The effective tax rate is determined by the geographic mix of earnings. Going forward there could be a marginal upward trend in the effective tax rate if the earnings contribution from the USA continues to rise.

### **DIVIDEND**

The Board has declared a final dividend of 10 cents per share, fully franked, for shareholders in Brambles Industries Limited and a second interim dividend of 3.918 pence per share for shareholders in Brambles Industries plc. This is consistent with the Board's stated policy of at least maintaining this level of Australian dollar dividend per share. The dividend will be paid on 14 October 2004 to those shareholders registered on 24 September 2004.

For Brambles Industries Limited shareholders, both the interim and final 2004 dividends are fully franked. It is expected that the dividends are likely to remain fully franked until at least the end of 2006.

### **ANNUAL GENERAL MEETING**

The 2004 Annual General Meeting of Brambles Industries Limited will be held in Sydney on Tuesday 16 November and the Brambles Industries plc meeting will be held in London on Tuesday 23 November.

## Brambles

### OPERATIONAL REVIEW

Throughout this operational review, all A\$ amounts are presented in UK GAAP and quoted at actual exchange rates. Divisional performance in both AGAAP and UK GAAP is set out in the table on page 4. All comparative trading measures referred to are in constant currency. Definitions of constant currency and comparable operating profit are shown on page 5.

#### CHEP

A\$m	Year ended 30 June 2004 Actual A\$m UK GAAP	Year ended 30 June 2003 Actual A\$m UK GAAP	% Change	
			Actual A\$m UK GAAP	Constant Currency
Sales	3,428	3,485	(2)	11
Comparable operating profit	553	543	2	14
Operating cash flow after gross capital expenditure	499	178		

Divisional performance in both AGAAP and UK GAAP is set out in the table on page 4.

All percentage comparatives shown below are in constant currency. Definitions of constant currency and comparable operating profit are shown in the footnote to the table on page 5.

As expected, CHEP had a strong performance in the second half with good progress for the year overall. Sales for the year increased by 11% while comparable operating profit was 14% above the previous period. All regions improved operating cash flow after gross capital expenditure.

The CHEP organisational structure was streamlined in June 2004 with the creation of two major operating regions and the elimination of the CHEP global management structure. This is expected to result in increased regional accountability and improved operational efficiency within a more cost-effective organisation. The one-off cost of A\$16 million was charged as a significant item in the year. The key functions of information technology, marketing, product development and operations continue to be managed globally. All regions retain the use of standard metrics for business performance measurement. These enhance our ability to manage the growth and development of the business in a controlled manner.

#### CHEP AMERICAS

Sales in the Americas were A\$1,501 million, an increase of 11%, and comparable operating profit at A\$181 million was 5% higher. In the Americas, comparable operating profit in the second half of the year grew by 89% when compared with the first half due to a combination of lower costs, the non-recurrence of one-off costs and higher volumes.

Operating cash flow after gross capital expenditure was A\$276 million, an increase of A\$270 million over the previous year. Working capital improved due to better creditor and debtor management. Capital expenditure was A\$199 million below the previous year, partly due to the one-off benefit from the backlog of pallets being brought back into use during the first half, together with further improvements in asset control.

As expected, the short term costs of A\$27 million were completed in the first half as the backlog of pallets was moved into the new service centres and repaired.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## **Brambles**

Plant and other costs in the Americas increased by A\$25 million, in part due to this accelerated repair programme. This was largely offset by the successful management initiative to ensure adherence to CHEP pallet quality standards, resulting in the appropriate repair of CHEP pallets. The damage ratio (the percentage of pallets returning to the service centre which require repair) has improved consecutively over the past three halves to June 2004. The lower damage ratio achieved over the past six months is expected to be maintained below 30%. The conditioning ratio (the percentage of pallets returning to the service centre which are repaired) is now similar to the damage rate. Over the past year, CHEP USA worked very closely with the new service centre operators to ensure consistent pallet inspection and repair regimes.

Transportation costs were in line with the previous year despite the additional activity required in the first half to relocate pallets from temporary storage locations. Significant improvements were seen during the second half of the year in the unit cost of delivery and relocation of pallets. Transportation costs reduced in the second half by A\$31 million when compared with the second half of the previous year, with the result that the full year showed no increase. Better utilisation of the new service centre network has allowed improved positioning of pallet inventories. Transportation arrangements with customers have been changed to allow more cost-effective contracting with carriers. A restructure of the collection process for a number of total pallet management customers also helped to reduce transportation costs in the second half.

The management of the non-participating distributor (NPD) channel has continued to improve with more than 1,000 pallet recyclers having signed up to return pallets to CHEP in the USA. Fewer than 4% of total issues from our customers are now delivered to NPDs, all of which carry a surcharge to better reflect CHEP's costs and customer usage of CHEP pallets. Pallet recyclers assist in the ongoing improvements in asset control and there has been a substantial increase in the number of pallets returned to CHEP in this way.

The annual customer satisfaction survey showed improvements, particularly in the area of on-time deliveries.

## **CHEP EUROPE**

Sales in Europe were A\$1,516 million, 9% higher than the previous year. Volume growth was helped in the early part of the year by demand for soft drinks from the hot summer in 2003. The implementation of the new activity-based pricing initiatives, discussed in more detail below, should be completed in 2005.

Comparable operating profit was 16% higher at A\$257 million. The combination of the activity-based pricing initiatives to align pricing with CHEP's costs and customer usage of CHEP pallets and the other benefits from the restructuring programme meant the second half comparable operating profit was approximately 20% higher than both the first half and the comparable period in the previous year.

### **CHEP Europe Restructuring**

Expenditure of A\$217 million on the CHEP Europe restructuring programme is now complete. This is in line with initial estimates made in 2002 at the then-prevailing exchange rates.

The restructuring focused on two improvement programmes: operational efficiency and asset productivity. The second half of 2004 benefited from these programmes by A\$18 million. The programmes are expected to deliver an incremental benefit of at least this amount again in the year to June 2005. The full annualised benefit of these programmes will be realised in the year to June 2006.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## **Brambles**

### **Operational Efficiency Improvement Programme**

A total of A\$94 million has been incurred on this part of the programme, of which A\$39 million was incurred in the year.

The centralised administration centres in the UK and Spain are now operational, and performing all European finance and administrative processes. There has been a net headcount reduction of 350 since the restructuring programme commenced.

The activity-based pricing architecture (ABPA) reflects the costs of providing CHEP pallets to customers, depending upon their usage patterns. ABPA has been introduced to ensure that the prices paid by CHEP's customers fairly reflect CHEP's costs and customer usage of CHEP pallets in the light of different and changing supply chain conditions. In addition, these initiatives are designed to appropriately incentivise CHEP's customers to take responsibility for handling and storing CHEP pallets and for recording and reporting CHEP pallet movements accurately and in a timely manner.

ABPA has been focused initially on the relatively small number of customers where the difference is greatest between CHEP's costs and the revenue generated. Many customers in this initial group of customers have had either no or very limited increases in their fee rates in the last four or five years. The changed usage patterns of some customers coupled with static fees has in some cases necessitated significant increases in charges for these customers. However, for most of CHEP's customers, the changes will have a much less significant effect. For example, it is estimated that in the UK nearly 50% of customers will have the capacity under ABPA by changes in their behaviour to maintain or reduce their total cost.

The implementation of ABPA is expected to be finalised during 2005.

CHEP is also implementing a number of non-price based operational changes and initiatives with distributors, transporters and consolidators designed to further improve pallet control.

### **Asset Productivity Improvement Programme**

A total of A\$123 million has been incurred on this part of the programme, with A\$53 million charged as a significant item in 2004.

Excellent progress has been made in the last 18 months to improve the asset productivity of the European pallet pool. The initiatives include a more extensive structured annual audit programme for manufacturer and distributor customer locations, a new vehicle-based collection service and greater use of telesales contacts with customers. As a result of these and other similar programmes, capital expenditure has declined by A\$53 million versus the previous year to A\$307 million, despite an increase in sales.

### **CHEP – Rest of World**

Sales in the CHEP businesses in the rest of the world remained strong and for the year were A\$411 million, an increase of 16%. The pallet business continued to show good growth and the returnable plastic containers and automotive container businesses continued to gain from the roll out of new contracts. Asset productivity initiatives continued to drive strong financial returns.

Comparable operating profit was A\$115 million, 27% above the previous year.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## Brambles

### CLEANAWAY

A\$m	Year ended 30 June 2004 Actual A\$m UK GAAP	Year ended 30 June 2003 Actual A\$m UK GAAP	% Change	
			Actual A\$m UK GAAP	Constant Currency
Sales	2,548	2,618	(3)	5
Comparable operating profit	218	260	(16)	(10)
Operating cash flow after gross capital expenditure	172	226		

Divisional performance in both AGAAP and UK GAAP is set out in the table on page 4.

All percentage comparatives shown below are in constant currency. Definitions of constant currency and comparable operating profit are shown in the footnote to the table on page 5.

Sales were A\$2,548 million, an increase of 5%, but comparable operating profit was 10% below the previous year, due to the challenging environment in Germany and weak first half in the UK. A\$10 million of the A\$42 million reduction in comparable operating profit resulted from increased pension costs in the UK although, as expected, the UK business performed markedly better in the second half.

Operating cash flow after gross capital expenditure was strong at A\$172 million, but lower than the previous year due mainly to the lower profit and some increase in capital expenditure, largely to support new municipal contracts. Working capital improved and debtor days in the UK reduced.

Restructuring costs of A\$25 million have been charged in the period as a significant item within Cleanaway. This reflects the restructuring undertaken in Germany and to a lesser extent in the UK and is expected to bring incremental benefits in the UK and in part offset the adverse financial impact of the DSD re-tendering in Germany. Following disappointing performance due to gas shortfalls at Cleanaway's landfill-gas-to-energy business in Taiwan, an operational review resulted in an asset write-down of A\$8 million which is shown as a significant item.

In all its businesses, Cleanaway's global quality programme 'Clean Run' is becoming embedded and is facilitating sustainable improvements to customer service and productivity.

### UK

In the UK, sales were A\$1,146 million an increase of 6%. However, comparable operating profit was below the previous year, principally due to additional pension contributions of A\$10 million, following the latest actuarial valuation.

The municipal business continued to show strong growth, assisted by the commencement of a contract in Croydon (with sales of approximately A\$235 million expected over seven years), contract extensions at Tower Hamlets and Lambeth and new wins such as a significant Essex Civil Amenity site. In 2004 Cleanaway has achieved a success rate on tenders of around 50% and the municipal order book at the end of June stood at A\$2,027 million (£776 million).

The commercial and industrial (C&I) business remained under pressure in a competitive market. Improvements were seen in the second half of the year, as price increases and the improved focus on customer segmentation and individual customer profitability took effect. Customer service also improved, with the number of 'missed lifts', a key measure of service, reducing significantly. New contracts signed included that with the Compass Group.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## **Brambles**

Technical Waste, now part of the new Recycling and Disposal Services business, continued to be impacted by depressed conditions in the pharmaceutical and chemical industries.

Market growth will increasingly be driven by the requirements of the UK Landfill Directive. Cleanaway's proven expertise in advanced waste technologies continues to position it to benefit from this trend towards increased recycling of waste, which is strongly endorsed by the UK Government. Stringent recycling targets have been placed on local authorities. The new Materials Recycling Facility site in Greenwich (built at a cost of A\$18 million) is due to commence operations in December 2004.

The re-organisation of the UK business into more customer-focused segments together with savings in central overhead costs are expected to benefit this business in 2005.

## **Germany**

In Germany, sales of A\$843 million and comparable operating profits were both below the previous year as expected, due to re-tendered contracts, the impact of the drinks container deposit directive and lower average waste paper prices.

In the first round of DSD re-tendering, approximately 50% of Cleanaway's contracts were awarded for three years and the remainder for one year. The new contracts commenced on 1 January 2004. Cleanaway's sales from DSD remained stable through market share gains, albeit at lower prices. The resulting pressure on margins was in part mitigated by a restructuring programme which has seen a significant headcount reduction over the last 18 months. It is expected that the results of the second round of re-tendering will be confirmed shortly.

Cleanaway Germany also continued to extend its municipal business, entering into a partnership with the municipal authority in Dresden through a joint venture arrangement.

## **Australia/New Zealand/Asia**

The performance in Cleanaway Australia and New Zealand was satisfactory, with sales at A\$482 million, 11% higher than the previous year. The municipal business continued to benefit from recent contract wins, helped by the impact of new technology such as routing software and bio-insert bins for green waste. It also achieved a 100% success rate on re-tenders including the Maroochy Shire, Cleanaway's largest municipal contract, which was extended for a further seven years. The municipal contract order book increased to A\$692 million at the end of June 2004. Competition remained difficult in the C&I market, particularly in Queensland. As in the UK, improving customer service is a critical focus.

As noted above, following disappointing performance due to gas shortfalls at Cleanaway's landfill-gas-to-energy business in Taiwan, an operational review resulted in an exceptional asset write-down of A\$8 million which is shown as a significant item. The rest of Cleanaway's Taiwanese and other Asian businesses continued to perform in line with expectations.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## Brambles

### RECALL

A\$m	Year ended 30 June 2004 Actual A\$m UK GAAP	Year ended 30 June 2003 Actual A\$m UK GAAP	% Change	
			Actual A\$m UK GAAP	Constant Currency
Sales	673	698	(4)	8
Comparable operating profit	106	130	(18)	(10)
Operating cash flow after gross capital expenditure	89	81		

Divisional performance in both AGAAP and UK GAAP is set out in the table on page 4.

All percentage comparatives shown below are in constant currency. Definitions of constant currency and comparable operating profit are shown in the footnote to the table on page 5.

Recall's sales grew by 8%, of which 6 percentage points represented organic growth. The Americas accounted for 49% of the total sales and Europe 30%. A number of small acquisitions were made during the period for a total consideration of A\$37 million and included businesses in the key markets of Houston and Sydney.

As had been expected, comparable operating profits for the year were below the previous year by 10%, although margins in North America were maintained. In Europe, the comparison with the previous year was impacted by the previous year's insurance claim receipt (A\$4 million), the reduction in paper prices, and the impact of increased customer churn, pricing pressures and currently underutilised storage capacity, particularly in the UK.

The Document Management Services (DMS) business accounted for 57% of Recall's sales. DMS sales were 7% above the previous year, with new major contract wins in South America including the court of justice system of the State of Sao Paulo (Tribunal de Justica). In North America, the second half of the year saw lower destruction rates and reduced customer turnover levels, both of which supported improved performance. The profit decline in Europe was predominately due to a weaker performance in the UK where Recall's relatively high cost base has led to some pressures in a competitive environment. This cost base, which has not been adjusted quickly enough to the competitive environment, is under review.

Although waste paper prices in Secure Destruction Services (SDS) in North America have recovered from the low levels seen in 2003, they remained below the previous year's levels in Europe. Results from the UK were impacted by pricing pressures and customer losses, though the second half performance was somewhat better. The overall sales growth rate for SDS was 4%.

In North America, new contract wins by Data Protection Services (DPS) were slower to commence than expected impacting sales growth. Overall, DPS sales grew by 3%, whilst recent contract wins in the USA and Europe meant that the Integrated Data Services business grew by 57%.

Despite the lower profitability in 2004, improvements in working capital saw Recall's cash flow after gross capital expenditure increase by A\$8 million to A\$89 million. Recall's debtors outstanding were reduced as a result of improved collections in all regions.

Changes have been made during the year to strengthen the management team in Europe. The latter part of the year saw improved growth in the number of cartons being stored in DMS. Trial initiatives to improve route planning and despatch in SDS have resulted in both lower costs and improved customer service levels and are now being rolled out more widely.

Recall's established geographical coverage, high quality product offerings and strong focus on customer service position it well for continued organic sales growth in 2005.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## Brambles

### BRAMBLES INDUSTRIAL SERVICES

A\$m	Year ended 30 June 2004 Actual A\$m UK GAAP	Year ended 30 June 2003 Actual A\$m UK GAAP	% Change	
			Actual A\$m UK GAAP	Constant Currency
Sales	705	766	(8)	(4)
Comparable operating profit	83	78	6	14
Operating cash flow after gross capital expenditure	95	112		

Divisional performance in both AGAAP and UK GAAP is set out in the table on page 4.

All percentage comparatives shown below are in constant currency. Definitions of constant currency and comparable operating profit are shown in the footnote to the table on page 5.

Comparable operating profit in Brambles Industrial Services was A\$83 million, 14% higher than the previous year. All regions showed profit improvements. Sales were 4% lower than the previous year, reflecting the disposal of a number of small non-core industrial maintenance and cranes businesses particularly in Australia. If the impact of these disposals was excluded, sales would have been higher year on year.

The increased focus on selected industries and key customers has resulted in significant improvements in comparable operating profit margins which are now nearly 12%. The committed order book at the end of June 2004 was over A\$2.5 billion.

Operating cash flow after gross capital expenditure remained strong at A\$95 million (2003: A\$112 million). Capital expenditure increased by A\$6 million to A\$60 million to support new contracts, particularly in Australia.

The Australian business represented approximately 50% of the total of Brambles Industrial Services' sales. Despite the previously mentioned divestments, profits increased marginally. All contracts due for renewal during the year were secured, as were a number of new contracts in the coal, gold, steel and chemical industries. In the Northern Hemisphere, new contracts were won at Celsa, Cardiff and Arcelor, Dunkirk. Volumes elsewhere also improved, particularly at Port Talbot and Teesside in the UK, at the French Industrial Logistics business and at each site in the USA.

Brambles Industrial Services continues to add value to customers' processes, bringing in-depth technical knowledge and strong, focused positions in a selected number of industrial sites. Further steady growth is anticipated.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## Brambles

### REGIONAL BUSINESSES

A\$m	Year ended 30 June 2004 Actual A\$m UK GAAP	Year ended 30 June 2003 Actual A\$m UK GAAP	% Change	
			Actual A\$m UK GAAP	Constant Currency
Sales	290	331	(12)	6
Comparable operating profit	12	11	9	25
Operating cash flow after gross capital expenditure	19	21		

Divisional performance in both AGAAP and UK GAAP is set out in the table on page 4.

All percentage comparatives shown below are in constant currency. Definitions of constant currency and comparable operating profit are shown in the footnote to the table on page 5.

In the Interlake racking business, market conditions improved from the second quarter but softened somewhat in the latter part of the year due to steel price increases. A cost reduction programme which included moving production to lower cost facilities had a positive effect. The goodwill of A\$43 million in respect of Interlake was written off in the first half.

The operating environment of Eurotainer remained difficult due in part to the weakness of the US dollar. The fleet utilisation rate increased progressively during the year.

TCR, though still a small business, showed good sales growth resulting from the recent contract wins at major airports in the UK and the Netherlands.

The effect of currency and the GAAP convention used are shown in tabular format on page 4. All A\$ amounts are presented in UK GAAP and quoted at actual exchange rates.

## **OUTLOOK**

CHEP is continuing to trade well in the early part of the current year. It is expected that CHEP Americas will see continued sales growth and ongoing gains from the cost reduction programmes already implemented. In CHEP Europe the implementation of activity-based pricing initiatives designed to align pricing with CHEP's costs and customer usage of CHEP pallets are expected to be completed during 2005 and further benefits will be gained from the restructuring programme. CHEP's business in the rest of the world should continue to grow.

Cleanaway in the UK is expected to show improvements across all business segments, although Germany will continue to be affected by the DSD re-tendering. In Australia, the commencement of municipal contract wins should result in further progress, albeit tempered by ongoing pricing pressure in some regions.

Recall is expected to achieve continued sales growth in all regions and profits are expected to improve. The European business should recover and make progress through reducing its cost base and improving its competitive position. North America and Australia are expected to show good growth in the current year.

Brambles Industrial Services is likely to benefit from continued high levels of activity across many commodities, including steel. Its innovative service offerings should result in continued opportunities for steady growth.

We are targeting continued generation of free cash flow as the concentration on value management continues across Brambles.

In summary, the business is performing well in the early part of the current financial year and this, together with our focus on further operational improvements, is expected to form the basis for good progress in 2005.

## Brambles

### COMBINED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	Note	2004 A\$ millions	2003 A\$ millions
Sales revenue	3	7,432.1	7,916.6
Other revenue	3	369.7	375.9
Total revenue from ordinary activities	3	7,801.8	8,292.5
Expenses from ordinary activities excluding borrowing costs	3	(7,089.5)	(7,565.2)
Borrowing costs	3	(193.3)	(237.6)
Share of net profits of joint ventures and associates accounted for using the equity method	11	20.5	18.3
Profit from ordinary activities before income tax expense		539.5	508.0
Income tax expense relating to ordinary activities		(236.0)	(175.0)
Profit from ordinary activities after related income tax expense		303.5	333.0
Net profit attributable to outside equity interests		3.1	(3.2)
Net profit attributable to members of the parent entities		306.6	329.8
Net exchange difference on translation of financial report of self-sustaining foreign operations and Brambles Industries plc equity		8.0	(180.0)
Total revenues, expenses and valuation adjustments attributable to members of the parent entities and recognised directly in equity		8.0	(180.0)
Total changes in equity other than those resulting from transactions with owners as owners		314.6	149.8
Basic earnings per share (cents)	6	18.1	19.5
Diluted earnings per share (cents)	6	18.1	19.5

## Brambles

### COMBINED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2004

	Note	2004 A\$ millions	2003 A\$ millions
<b>CURRENT ASSETS</b>			
Cash assets		89.9	111.9
Receivables		1,484.2	1,528.3
Inventories		85.9	78.9
Tax assets		47.8	45.4
Other		72.7	85.5
<b>Total current assets</b>		<b>1,780.5</b>	<b>1,850.0</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		21.8	34.3
Investments accounted for using the equity method		178.9	148.6
Other financial assets		24.8	34.3
Property, plant and equipment		5,801.3	5,886.8
Deferred tax assets		159.2	141.9
Intangible assets		1,303.8	1,392.3
Other		27.2	23.8
<b>Total non-current assets</b>		<b>7,517.0</b>	<b>7,662.0</b>
<b>Total assets</b>		<b>9,297.5</b>	<b>9,512.0</b>
<b>CURRENT LIABILITIES</b>			
Payables		1,335.4	1,228.7
Interest bearing liabilities		103.0	120.3
Tax liabilities		89.8	94.4
Provisions		233.0	265.1
<b>Total current liabilities</b>		<b>1,761.2</b>	<b>1,708.5</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		19.8	0.7
Interest bearing liabilities		3,632.0	3,945.2
Deferred tax liabilities		511.7	456.7
Provisions		141.7	143.0
<b>Total non-current liabilities</b>		<b>4,305.2</b>	<b>4,545.6</b>
<b>Total liabilities</b>		<b>6,066.4</b>	<b>6,254.1</b>
<b>Net assets</b>		<b>3,231.1</b>	<b>3,257.9</b>
<b>EQUITY</b>			
Contributed equity		1,426.1	1,411.9
Reserves		156.1	149.9
Retained profits	7	1,638.8	1,682.8
Parent entities' interest		3,221.0	3,244.6
Outside equity interest		10.1	13.3
<b>Total equity</b>		<b>3,231.1</b>	<b>3,257.9</b>

## Brambles

### COMBINED STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	2004	2003
Note	A\$ millions	A\$ millions
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts in the course of operations	8,387.3	9,038.6
Payments in the course of operations	(6,567.6)	(7,215.1)
Dividends received from associates	17.6	16.7
Interest received	15.6	9.7
Interest paid	(185.6)	(228.7)
Income taxes paid	(201.4)	(356.6)
<b>Net operating cash inflows</b>	<b>1,465.9</b>	<b>1,264.6</b>
	8(d)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(980.2)	(1,243.7)
Proceeds from sale of property, plant and equipment	122.7	127.7
Proceeds from sale of investments	11.9	-
Acquisition of entities	(93.2)	(282.9)
Purchase of other investments	(7.9)	-
Proceeds from sale of entities	71.4	135.2
Loans to joint ventures and associates	(2.4)	(3.4)
Loans repaid by joint ventures and associates	9.4	3.5
<b>Net investing cash outflows</b>	<b>(868.3)</b>	<b>(1,263.6)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings:		
- Proceeds	1,796.8	11,297.7
- Repayments	(2,135.7)	(10,955.1)
Proceeds from issues of shares	1.9	4.4
Dividends paid to shareholders of parent entities	(339.3)	(335.8)
Dividends paid to outside equity interests in controlled entities	(0.5)	-
Net proceeds from hedge borrowings	34.9	-
<b>Net financing cash (outflows)/inflows</b>	<b>(641.9)</b>	<b>11.2</b>
<b>Net (decrease)/increase in cash held</b>	<b>(44.3)</b>	<b>12.2</b>
Cash at beginning of year	106.0	102.6
Exchange rate adjustment	10.9	(8.8)
<b>Cash at end of year</b>	<b>72.6</b>	<b>106.0</b>
	8(a)	

## **NOTES TO THE COMBINED FINANCIAL INFORMATION**

for the year ended 30 June 2004

### **1 BASIS OF PREPARATION**

Brambles Industries Limited (BIL) and Brambles Industries Plc (BIP) are referred to collectively throughout this Preliminary Final Report as Brambles.

#### **Key accounting principles under the DLC structure**

The dual listed companies structure (DLC Structure) is essentially a contractual arrangement between BIL and BIP under which they operate as if they were a single economic enterprise, while retaining their separate legal identities, tax residencies and stock exchange listings. The combination did not involve the acquisition of one company by the other or any transfer of shares or other assets between BIL and BIP. This structure unites the economic interests of the two shareholder groups.

Under Subsection 340(1) of the Corporations Act 2001 BIL has received an order from the Australian Securities and Investment Commission (ASIC) that allows for combined financial statements of BIL and BIP to be prepared as if Brambles is constituted as an economic entity.

The statements of financial performance, position and cash flows for Brambles have been prepared in accordance with Australian GAAP, the accounting policies set out in the last Annual Report and in accordance with the order from ASIC noted above.

### **2 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Brambles has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). Brambles has allocated internal and external resources to perform diagnostics and conduct impact assessments to isolate key areas that will be affected by the transition to IFRS. As a result of these procedures, Brambles has prioritised impact areas and established project teams to address them. An IFRS steering committee has been established to oversee progress and to make accounting policy recommendations to the Audit Committee.

As Brambles has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with IFRS as at 1 July 2004. This will form the basis of accounting for IFRS in the future and is required when Brambles prepares its first fully IFRS compliant financial report for the year ending 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Brambles. At this stage, Brambles is not yet in a position to reliably quantify the impacts on the financial report.

The following should not be regarded as a complete list of changes in Brambles' accounting policies that will result from the transition to Australian equivalents of IFRS, as not all standards have yet been fully analysed and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents of IFRS on Brambles' financial position and reported results.

#### **Classification of financial instruments**

Under AASB 139 'Financial Instruments: Recognition and Measurement', financial instruments will be carried at either amortised cost or fair value, depending on their classification. Movements in fair value will be either charged to net profit or loss or taken to equity in accordance with the standard.

This will result in a change to Brambles' current accounting policy which does not currently classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognised as assets or liabilities. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not been completed.

**NOTES TO THE COMBINED FINANCIAL INFORMATION** *continued*  
for the year ended 30 June 2004

**2 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS** *continued*

**Hedge accounting**

Under AASB 139 'Financial Instruments: Recognition and Measurement' foreign exchange contracts held for hedging purposes will be classified as cash flow hedges or fair value hedges, on the basis that the qualifying criteria outlined in AASB 139 are satisfied. This will result in the recognition of hedging instruments as assets or liabilities, with resulting gains or losses being charged to net profit or loss or taken to equity in accordance with the hedge accounting rules in AASB 139.

Currently, costs or gains arising from some contracts used for hedging purposes, along with any realised or unrealised gains from re-measurement are included in assets or liabilities as deferred losses or deferred gains.

**Goodwill**

Under AASB 3 'Business Combinations', goodwill will no longer be amortised but instead will be subject to rigorous annual impairment testing. This will result in a change to Brambles' current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is not practical because the conditions under which impairment will be assessed are not yet known.

**Employee benefits**

Under AASB 119 'Employee Benefits', Brambles will be required to recognise the net surplus or deficit in its employer sponsored defined benefit superannuation funds as an asset or liability, respectively, based on actuarial calculations of the position of the funds. The actuarial gain or loss arising from movements in the fair value of the funds' assets and the discounted value of future liabilities will be, in most cases, recognised as an expense. The initial adjustment on transition will be made directly against retained profits and subsequent adjustments will be included in net profit or loss for the year.

This will result in a change to Brambles' current accounting policy where the expected cost of providing superannuation, as calculated periodically by professionally qualified actuaries, is recognised in the statement of financial performance so as to spread the cost over the service lives of employees in the schemes operated within Brambles. This results in a pension cost which is a substantially level percentage of current and expected future pensionable payroll.

Reliable estimation of the future financial effects of this change in accounting policy is not practical because the necessary IFRS actuarial calculations have not yet been completed.

**Share based payments**

Under AASB 2 'Share Based Payments', Brambles will be required to determine the fair value of all share based payments (performance shares and options) to employees as remuneration and recognise an expense in the statement of financial performance. This treatment will result in a reduction in profits as such items have not been recognised as expenses under the current accounting policy. Reliable estimation of the future financial effects of this change in accounting policy is not practical as the details of future equity based remuneration plans are not yet known.

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 3 PROFIT FROM ORDINARY ACTIVITIES

The following items have been recognised in the statement of financial performance:

##### Revenue

	2004 A\$ millions	2003 A\$ millions
Revenue from operating activities	<b>7,432.1</b>	7,916.6
Dividends received/receivable from other corporations	-	0.6
Interest received/receivable from:		
- Associates	1.4	1.4
- Other corporations	14.8	14.8
Other operating revenue	99.2	138.0
Proceeds from sale of assets and businesses	254.3	221.1
Total non-trading revenue	<b>369.7</b>	375.9
Total revenue from ordinary activities	<b>7,801.8</b>	8,292.5

##### Other net gains

Share of net profits of joint ventures and associates accounted for using the equity method	20.5	18.3
Net profit on disposal of:		
- Businesses, including joint ventures and associates	79.9	1.0
- Property, plant and equipment	49.3	3.0

##### Expenses

Expenses from ordinary activities excluding borrowing costs comprise:

Service suppliers:

- Transport	831.9	859.6
- Repairs and maintenance	505.5	460.2
- Disposal costs	311.0	337.8
- Subcontractors and other service suppliers	1,057.3	1,174.1
Employment costs	1,871.6	2,028.5
Depreciation and amortisation excluding amortisation of goodwill	812.7	862.8
Goodwill amortisation	145.4	110.9
Hire equipment loss provision expense	96.7	42.8
Raw materials and consumables	679.1	808.4
Occupancy	248.1	286.7
Net book value of assets and businesses sold	125.1	217.1
Other	405.1	376.3
	<b>7,089.5</b>	7,565.2

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 3 PROFIT FROM ORDINARY ACTIVITIES *continued*

	2004 A\$ millions	2003 A\$ millions
Borrowing costs paid/payable to:		
- Other corporations	190.8	234.3
- Finance charges on capitalised leases	2.5	3.3
	<b>193.3</b>	<b>237.6</b>
Bad debts provided for and written off:		
- Trade debtors	6.5	25.5
- Other debtors	-	3.2
	<b>6.5</b>	<b>28.7</b>
Amortisation of:		
- Goodwill	102.4	110.9
- Leased assets capitalised	7.4	3.6
- Leasehold improvements	10.1	9.2
- Deferred expenditure	2.9	4.0
Total amortisation excluding goodwill impairment	122.8	127.7
- Goodwill impairment (Note 4)	43.0	-
Total amortisation	<b>165.8</b>	<b>127.7</b>
Depreciation of property, plant and equipment	792.3	846.0
Write-down of non-current assets to recoverable amount	44.3	63.6
Amounts transferred to provision for:		
- Employee entitlements	91.0	107.1
- Closedown and rationalisation	9.3	8.4
- Entity disposals	(9.9)	51.0
- Other	32.0	18.7
Minimum lease payments for operating leases in respect of occupancy and plant	248.1	235.7
Net foreign currency exchange gains	(1.5)	-

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 4 SIGNIFICANT ITEMS

	2004 A\$ millions	2003 A\$ millions
Significant items included within revenue/(expenses) from ordinary activities, include		
Before tax:		
- Reorganisation costs <sup>1</sup>	(133.1)	(146.0)
- Goodwill impairment <sup>2</sup>	(43.0)	-
- Write-down of fixed assets <sup>3</sup>	(8.0)	-
- Dual Listed Company (DLC) costs	-	(3.6)
- Asset disposals	-	(2.1)
Significant items excluding divestments	(184.1)	(151.7)
Profit on sale of discontinuing operations (Note 8(f))	81.8	1.0
Loss on disposal of joint ventures and associates	(1.9)	-
Significant items, before tax	(104.2)	(150.7)
Income tax thereon <sup>4</sup>	(5.8)	46.9
Significant items, after tax	(110.0)	(103.8)

<sup>1</sup> These costs comprise redundancy costs, pallet write-downs and other related costs in CHEP Europe of A\$91.8 million (2003: A\$124.9 million), costs associated with the reorganisation of CHEP's management structure of A\$16.4 million (2003: nil) and other restructuring costs, principally in Cleanaway, of A\$24.9 million (2003: A\$21.1 million).

<sup>2</sup> Following detailed business reviews undertaken during the year, and in light of Interlake's trading performance, an impairment charge of A\$43.0 million (A\$39.0 million after tax) was booked against the carrying value of goodwill in Interlake, which forms part of the Regional Businesses segment.

<sup>3</sup> The carrying value of the fixed assets in Cleanaway's gas to energy business in Taiwan have been compared to their recoverable amounts, represented by their value in use to the Group. The review has resulted in a write-down of A\$8.0 million, which has been reported as a significant item. Of this amount, A\$4.0 million is attributable to outside equity interests. The discount rate used in the calculation to arrive at the valuation was 8% on a post-tax basis.

<sup>4</sup> Tax expense of A\$5.8 million on significant items reflects the potential non-deductibility of certain items and existing unrecognised tax losses.

#### 5 BUSINESS SEGMENT REPORT

Brambles' material business segments are CHEP (pallet and container pooling), Cleanaway (waste management), Recall (information management) and Brambles Industrial Services. The Regional Businesses segment comprises Interlake, TCR and Eurotainer. The 'Discontinued' segment comprises Heavy Contracting, FM Repairs and Maintenance, Shipping and Meineke. Some elements of revenues and profit from ordinary activities arising from disposals are subject to finalisation of completion accounts.

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 5 BUSINESS SEGMENT REPORT *continued*

	Total revenue		Profit from ordinary activities		Depreciation and amortisation <sup>1</sup>	
	2004	2003	2004	2003	2004	2003
	A\$ millions	A\$ millions	A\$ millions	A\$ millions	A\$ millions	A\$ millions
CHEP	3,573.9	3,633.0	541.8	530.1	512.5	525.7
Cleanaway	2,436.3	2,490.5	171.0	210.0	219.9	234.7
Recall	665.5	696.9	67.1	89.8	76.9	79.8
Brambles Industrial Services	736.7	837.3	68.9	62.2	78.3	94.6
Regional Businesses	261.7	314.5	8.0	3.8	25.2	30.2
Corporate	17.2	16.0	(38.3)	(41.1)	2.3	2.0
Total continuing businesses	7,691.3	7,988.2	818.5	854.8	915.1	967.0
Discontinued	110.5	304.3	2.3	25.3	-	6.7
	<b>7,801.8</b>	<b>8,292.5</b>	<b>820.8</b>	<b>880.1</b>	<b>915.1</b>	<b>973.7</b>
Net interest			(177.1)	(221.4)		
Significant items (Note 4)			(104.2)	(150.7)		
Total			<b>539.5</b>	<b>508.0</b>		

<sup>1</sup> Depreciation and amortisation is before goodwill impairment in Regional Businesses (Note 4).

	Segment assets		Segment liabilities		Capital expenditure (including acquisitions)	
	2004	2003	2004	2003	2004	2003
	A\$ millions	A\$ millions	A\$ millions	A\$ millions	A\$ millions	A\$ millions
CHEP	4,784.6	4,871.3	689.1	643.9	661.9	901.0
Cleanaway	2,209.0	2,215.5	597.5	551.9	227.5	231.7
Recall	1,025.1	1,006.6	146.2	133.6	101.3	211.2
Brambles Industrial Services	694.5	719.0	144.7	123.5	84.3	163.5
Regional Businesses	237.6	296.5	39.6	30.6	3.9	5.7
Corporate	28.5	61.9	48.2	44.3	2.4	4.5
Unallocated	307.8	306.7	4,383.1	4,658.1	-	-
Total continuing businesses	9,287.1	9,477.5	6,048.4	6,185.9	1,081.3	1,517.6
Discontinued	10.4	34.5	18.0	68.2	-	9.0
Total	<b>9,297.5</b>	<b>9,512.0</b>	<b>6,066.4</b>	<b>6,254.1</b>	<b>1,081.3</b>	<b>1,526.6</b>

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 6 EARNINGS PER SHARE

	<b>2004</b>	2003
	<b>A\$ millions</b>	A\$ millions
Basic earnings per share (cents)	<b>18.1</b>	19.5
Diluted earnings per share (cents)	<b>18.1</b>	19.5
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share (millions)	<b>1,690.7</b>	1,690.6
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share (millions)	<b>1,692.8</b>	1,690.9

#### 7 RETAINED PROFITS

Retained profits at beginning of financial year	<b>1,682.8</b>	1,303.5
Net profit attributable to members	<b>306.6</b>	329.8
Net effect of changes on adoption of:		
- AASB 1012: Foreign Currency Translation	-	18.8
- AASB 1044: Provisions and Contingencies	-	167.2
Net transfers (to)/from reserves	<b>(11.3)</b>	199.3
Prior year final dividend paid	<b>(168.9)</b>	(167.2)
Interim dividend paid	<b>(170.4)</b>	(168.6)
Retained profits at end of financial year	<b>1,638.8</b>	1,682.8

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 8 STATEMENT OF CASH FLOWS – ADDITIONAL INFORMATION

	2004 A\$ millions	2003 A\$ millions
<b>(a) Reconciliation of cash</b>		
For the purposes of the statement of cash flows, cash includes cash on hand and at banks and deposits at call, net of outstanding bank overdrafts.		
Cash at bank and on hand	70.8	102.2
Deposits at call	19.1	9.7
	<b>89.9</b>	<b>111.9</b>
Bank overdrafts	(17.3)	(5.9)
	<b>72.6</b>	<b>106.0</b>

#### **(b) Borrowing facilities and credit stand-by arrangements**

Committed credit facilities	6,063.4	6,082.1
Credit standby/uncommitted arrangements	64.3	117.0
Total credit facilities <sup>1</sup>	6,127.7	6,199.1
Amounts utilised	(3,735.0)	(4,065.5)
Net available	2,392.7	2,133.6

	2004 millions	2003 millions
<sup>1</sup> Analysis of total credit facilities by currency:		
- US dollar	US\$ 1,728.4	US\$ 1,730.1
- Euro	€ 834.8	€ 852.7
- Sterling	£ 796.2	£ 827.0
- Other	A\$ 109.1	A\$ 140.3

As part of an ongoing plan to diversify funding sources, Brambles borrowed US\$425.0 million in the US private placement debt market in August 2004. The terms of the debt raising are (i) US\$171.0 million 5.39% Guaranteed Senior Unsecured Notes due 4 August 2011 (ii) US\$157.5 million 5.77% Guaranteed Senior Unsecured Notes due 4 August 2014 and (iii) US\$96.5 million 5.94% Guaranteed Senior Unsecured Notes due 4 August 2016. Settlement of the note issue occurred on 4 August 2004 and proceeds have been used to repay an equivalent amount of bank borrowings. The new borrowing facility is not reflected in the financial statements at 30 June 2004.

#### **(c) Non-cash financing or investing activities**

There were no 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.

**Brambles**

**NOTES TO THE COMBINED FINANCIAL INFORMATION** *continued*  
for the year ended 30 June 2004

**8 STATEMENT OF CASH FLOWS – ADDITIONAL INFORMATION** *continued*

	<b>2004</b>	2003
	<b>A\$ millions</b>	A\$ millions
<b>(d) Reconciliation of profit from ordinary activities after income tax to net operating cash inflows</b>		
Profit from ordinary activities after tax	<b>303.5</b>	333.0
Add/(less):		
- Depreciation and amortisation	<b>958.1</b>	973.7
- Hire equipment loss provision expense	<b>96.7</b>	42.8
- Profit on disposal of non-current assets including investments	<b>(129.2)</b>	(4.0)
- Share of associate profits not received as dividends	<b>(2.5)</b>	(2.2)
- Assets provided for or written off	<b>44.3</b>	63.6
- Other	<b>(4.7)</b>	8.2
Movements in operating assets and liabilities net of acquisitions and disposals		
Increase/(decrease):		
- Payables	<b>32.7</b>	(80.0)
- Provisions:		
▪ Tax	<b>34.5</b>	(181.7)
▪ Employee entitlements	<b>26.4</b>	36.2
▪ Other	<b>(8.1)</b>	(41.0)
Decrease/(increase):		
- Receivables	<b>113.1</b>	126.6
- Inventories	<b>(9.0)</b>	3.3
- Prepayments	<b>10.1</b>	(13.9)
Net cash inflows from operating activities	<b>1,465.9</b>	1,264.6

**Brambles**

**NOTES TO THE COMBINED FINANCIAL INFORMATION** *continued*  
for the year ended 30 June 2004

**8 STATEMENT OF CASH FLOWS – ADDITIONAL INFORMATION** *continued*

	<b>2004</b>	2003
	<b>A\$ millions</b>	A\$ millions
<b>(e) Acquisitions of entities</b>		
Purchase price	<b>57.8</b>	191.8
Deferred settlement	<b>(0.5)</b>	(17.7)
Prior years deferred settlement paid	<b>43.1</b>	118.2
Cash paid	<b>100.4</b>	292.3
Cash held by entities acquired at date of acquisition	<b>(7.2)</b>	(9.4)
Net cash outflow	<b>93.2</b>	282.9
Fair value of net assets acquired:		
Current assets:		
- Cash assets	<b>7.2</b>	9.4
- Receivables	<b>5.9</b>	9.4
- Inventories	-	3.3
- Other	-	1.3
Non-current assets:		
- Property, plant and equipment	<b>9.4</b>	47.9
- Other	<b>9.2</b>	7.9
Current liabilities:		
- Payables	<b>(20.3)</b>	(29.2)
- Interest bearing liabilities	<b>(2.6)</b>	(6.7)
Non-current liabilities:		
- Payables	-	(3.8)
- Interest bearing liabilities	-	(5.0)
- Deferred tax liabilities	-	(3.2)
Total fair value of assets and liabilities acquired	<b>8.8</b>	31.3
Goodwill	<b>49.0</b>	160.5
Purchase price	<b>57.8</b>	191.8

Brambles acquired various businesses during the year, none of which is individually material.

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 8 STATEMENT OF CASH FLOWS – ADDITIONAL INFORMATION *continued*

	2004 A\$ millions	2003 A\$ millions
<b>(f) Disposals of discontinuing operations</b>		
Disposal price	119.2	107.4
Deferred settlement from prior years	1.3	3.2
Deferred settlement	(3.8)	(5.2)
Deferred disposal costs - net	(41.9)	32.8
Cash received	74.8	138.2
Cash held by entities disposed at date of disposal	(3.4)	(3.0)
Net cash inflow	<b>71.4</b>	<b>135.2</b>
Carrying value of assets and liabilities disposed of:		
Current assets:		
- Cash assets	3.4	3.0
- Receivables	8.1	39.4
- Inventories	1.8	11.1
- Other	0.9	8.1
Non-current assets:		
- Receivables	-	11.0
- Property, plant and equipment	26.1	74.0
- Intangibles	4.9	10.4
- Other	-	6.7
Current liabilities:		
- Payables	(7.8)	(31.0)
- Other provisions	-	(9.2)
Non-current liabilities:		
- Interest bearing liabilities	-	(0.6)
- Deferred tax liabilities	-	(14.3)
- Other provisions	-	(2.2)
Total carrying value of assets and liabilities disposed	<b>37.4</b>	<b>106.4</b>
Profit on disposal	<b>81.8</b>	<b>1.0</b>
Disposal price	<b>119.2</b>	<b>107.4</b>

Brambles disposed of various businesses during the year, one of which is individually material, being the disposal of Meineke Car Care Centers, Inc (Meineke). In August 2003, Brambles completed the sale of Meineke for net proceeds of A\$102.4 million. The net assets of Meineke at the time of disposal were A\$17.1 million. Brambles recognised a profit on sale of Meineke of A\$85.3 million. The inflow of cash as a result of the sale (net of cash disposed and disposal costs) was A\$102.4 million. The contribution of Meineke to operating profit from ordinary activities during the year was A\$2.2 million (2003: A\$16.9 million).

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 9 ISSUED AND QUOTED SECURITIES

	BIL	BIP	Brambles
<b>Ordinary securities</b>			
Balance at 30 June 2003	966,928,005	723,742,352	1,690,670,357
Issued during the year	224,384	-	224,384
Balance at 30 June 2004	<b>967,152,389</b>	<b>723,742,352</b>	<b>1,690,894,741</b>
<b>Option Plans</b>			
Balance at 30 June 2003	49,667,907	8,412,567	58,080,474
Issued during the financial year	22,298,507	8,942,805	31,241,312
Exercised during the financial year	(298,701)	-	(298,701)
Lapsed during the financial year	(11,224,909)	(935,509)	(12,160,418)
Balance at 30 June 2004	<b>60,442,804</b>	<b>16,419,863</b>	<b>76,862,667</b>

#### 10 DIVIDENDS

	Cents per share		
	Amount	Franked amount at 30% tax	Amount of foreign source
Final dividend:			
- Current year	10.0	10.0	-
- Previous year	10.0	10.0	-

	2004 A\$ millions	2003 A\$ millions
Cost of dividends:		
- BIL	189.2	186.2
- BIP	150.1	149.6
Total	<b>339.3</b>	335.8

As the final dividend had not been declared at 30 June 2004, no provision for dividends was made in the statement of financial position at 30 June 2004.

The final dividend will be payable on 14 October 2004 to holders of BIL shares registered at the close of business on 24 September 2004. The final dividend to shareholders of BIL is expected to be fully franked based on tax paid of 30%. The Overseas Shareholders Dividend Plan is in operation for BIL Shareholders. The last date for receipt of election notices for this plan is 24 September 2004.

## Brambles

### NOTES TO THE COMBINED FINANCIAL INFORMATION *continued* for the year ended 30 June 2004

#### 11 SHARE OF PROFITS OF JOINT VENTURES AND ASSOCIATES

##### Joint ventures

Investments in joint venture entities are accounted for in the combined financial statements using the equity method of accounting. Brambles has investments in the following joint ventures:

	Principal activities	Economic entity ownership interest	
		2004 %	2003 %
CISCO – Recall Pte Limited	Information management	49	49
Enviroguard Pty Limited	Waste management	50	50
Eurotainer SA	Tank container leasing	50	50
Hsiung Wei Company Limited	Waste management	50	50
NV TCR BV	Airport handling equipment	50	50

##### Associates

Within Brambles, Cleanaway Deutschland has investments in associates, all operating in the waste management business in Germany, none of which are individually material.

	2004 A\$ millions	2003 A\$ millions
<b>Brambles' share of joint ventures and associates</b>		
Sales revenue	220.2	224.4
Profit from ordinary activities before tax	28.3	26.3
Income tax on ordinary activities	(7.8)	(8.0)
Profit from ordinary activities after tax	20.5	18.3

#### 12 NET TANGIBLE ASSET BACKING

	2004 A\$	2003 A\$
Net tangible asset backing per ordinary share – based on 1,690.9 million shares (2003: 1,690.7 million)	1.14	1.10

#### 13 CONTINGENT LIABILITIES

Brambles is in the process of agreeing completion accounts in respect of the disposals of several businesses sold in current or prior periods. Brambles has recognised the financial impact of the expected resolution of any outstanding items on the basis of all information currently available. Until these matters are agreed, a contingent liability exists for any costs ultimately borne by Brambles in excess of the amounts provided at 30 June 2004.

Except for the above, there have been no other material changes in the contingent liabilities of Brambles.

#### 14 EVENTS OCCURRING AFTER REPORTING DATE

Other than those outlined in this report, there have been no events that have occurred subsequent to 30 June 2004 that have had a material impact on Brambles' financial performance or position.

**Brambles**

**NOTES TO THE COMBINED FINANCIAL INFORMATION** *continued*  
for the year ended 30 June 2004

**15 GAAP RECONCILIATION – UK GAAP TO AUSTRALIAN GAAP**

**(a) 2004**

	<b>2004 UK GAAP £ million</b>	2004 UK GAAP A\$ million	GAAP adjustments in A\$ millions				<b>2004 AGAAP A\$ million</b>
			JV's and Associates	Goodwill	Other	Total	
<b>TURNOVER</b> (including share of joint ventures and associates)	<b>3,112.0</b>	7,652.3	-	-	-	-	<b>7,652.3</b>
<b>OPERATING PROFIT</b>							
Continuing operations before goodwill amortisation and significant items	<b>365.9</b>	901.5	-	-	(1.1)	(1.1)	<b>900.4</b>
Goodwill amortisation	<b>(34.3)</b>	(84.1)	-	(18.3)	-	(18.3)	<b>(102.4)</b>
Continuing operations	<b>331.6</b>	817.4	-	(18.3)	(1.1)	(19.4)	<b>798.0</b>
Discontinued operations	<b>0.9</b>	2.3	-	-	-	-	<b>2.3</b>
<b>GROUP OPERATING PROFIT</b>	<b>332.5</b>	819.7	-	(18.3)	(1.1)	(19.4)	<b>800.3</b>
Share of operating profit of joint ventures and associates	<b>13.2</b>	32.4	(11.9)	-	-	(11.9)	<b>20.5</b>
<b>TOTAL OPERATING PROFIT</b>	<b>345.7</b>	852.1	(11.9)	(18.3)	(1.1)	(31.3)	<b>820.8</b>
<b>SIGNIFICANT ITEMS</b>							
Significant items excluding divestments	<b>(75.0)</b>	(184.1)	-	-	-	-	<b>(184.1)</b>
Profit on sale of discontinued operations	<b>27.0</b>	66.8	-	13.1	-	13.1	<b>79.9</b>
Net significant items	<b>(48.0)</b>	(117.3)	-	13.1	-	13.1	<b>(104.2)</b>
<b>PROFIT BEFORE INTEREST AND TAX</b>	<b>297.7</b>	734.8	(11.9)	(5.2)	(1.1)	(18.2)	<b>716.6</b>
Net interest	<b>(73.8)</b>	(181.2)	4.1	-	-	4.1	<b>(177.1)</b>
<b>PROFIT BEFORE TAX</b>	<b>223.9</b>	553.6	(7.8)	(5.2)	(1.1)	(14.1)	<b>539.5</b>
Tax	<b>(98.5)</b>	(242.8)	7.8	2.0	(3.0)	6.8	<b>(236.0)</b>
<b>PROFIT AFTER TAX</b>	<b>125.4</b>	310.8	-	(3.2)	(4.1)	(7.3)	<b>303.5</b>
Minority interests	<b>1.2</b>	3.1	-	-	-	-	<b>3.1</b>
<b>ATTRIBUTABLE PROFIT</b>	<b>126.6</b>	313.9	-	(3.2)	(4.1)	(7.3)	<b>306.6</b>

**Brambles**

**NOTES TO THE COMBINED FINANCIAL INFORMATION** *continued*  
for the year ended 30 June 2004

**15 GAAP RECONCILIATION – UK GAAP TO AUSTRALIAN GAAP** *continued*

**(b) 2003**

	2003 UK GAAP £ million	2003 UK GAAP A\$ million	GAAP adjustments in A\$ millions				2003 AGAAP A\$ million
			JV's and Associates	Goodwill	Other	Total	
<b>TURNOVER</b> (including share of joint ventures and associates)	<b>2,997.1</b>	8,141.0	-	-	-	-	<b>8,141.0</b>
<b>OPERATING PROFIT</b>							
Continuing operations before goodwill amortisation and significant items	<b>347.0</b>	942.5	-	-	4.9	4.9	<b>947.4</b>
Goodwill amortisation	<b>(34.0)</b>	(92.0)	2.2	(21.1)	-	(18.9)	<b>(110.9)</b>
Continuing operations	<b>313.0</b>	850.5	2.2	(21.1)	4.9	(14.0)	<b>836.5</b>
Discontinued operations	<b>9.7</b>	25.3	-	-	-	-	<b>25.3</b>
<b>GROUP OPERATING PROFIT</b>	<b>322.7</b>	875.8	2.2	(21.1)	4.9	(14.0)	<b>861.8</b>
Share of operating profit of joint ventures and associates	<b>12.1</b>	32.8	(14.5)	-	-	(14.5)	<b>18.3</b>
<b>TOTAL OPERATING PROFIT</b>	<b>334.8</b>	908.6	(12.3)	(21.1)	4.9	(28.5)	<b>880.1</b>
<b>SIGNIFICANT ITEMS</b>							
Reorganisation costs	<b>(59.0)</b>	(146.0)	-	-	-	-	<b>(146.0)</b>
DLC costs	<b>(2.0)</b>	(3.6)	-	-	-	-	<b>(3.6)</b>
Other	<b>(0.8)</b>	(0.9)	-	-	(0.2)	(0.2)	<b>(1.1)</b>
Net significant items	<b>(61.8)</b>	(150.5)	-	-	(0.2)	(0.2)	<b>(150.7)</b>
<b>PROFIT BEFORE INTEREST AND TAX</b>	<b>273.0</b>	758.1	(12.3)	(21.1)	4.7	(28.7)	<b>729.4</b>
Net interest	<b>(83.0)</b>	(225.7)	4.3	-	-	4.3	<b>(221.4)</b>
<b>PROFIT BEFORE TAX</b>	<b>190.0</b>	532.4	(8.0)	(21.1)	4.7	(24.4)	<b>508.0</b>
Tax	<b>(71.6)</b>	(197.2)	8.0	2.0	12.2	22.2	<b>(175.0)</b>
<b>PROFIT AFTER TAX</b>	<b>118.4</b>	335.2	-	(19.1)	16.9	(2.2)	<b>333.0</b>
Minority interests	<b>(1.1)</b>	(3.2)	-	-	-	-	<b>(3.2)</b>
<b>ATTRIBUTABLE PROFIT</b>	<b>117.3</b>	332.0	-	(19.1)	16.9	(2.2)	<b>329.8</b>

## **Brambles**

### **COMPLIANCE STATEMENT**

This report is based upon accounts which have been audited.

The audit report, which is unqualified, will be made available with the Brambles Annual Report.

C A van der Laan de Vries  
Company Secretary  
31 August 2004