

Directors' Report

Dual listed companies

Brambles Industries Limited (BIL) and Brambles Industries plc (BIP) were united under a dual listed companies structure (DLC) on 7 August 2001. This Directors' Report has been prepared as a joint report of both companies.

Principal activity, review of operations and results

The principal activity of Brambles during the financial year was the provision of support services, in which it is a leading global provider.

A review of Brambles' operations during the year and the results of those operations, together with details of any significant changes in its state of affairs during the year, are given in the Chairman's Review on pages 6 to 9, the Chief Executive Officer's Report on pages 10 to 13 and in the Business Reviews on pages 14 to 28.

Events since the end of the financial year

The Meineke Car Care Centers business was sold on 5 August 2003. Sale consideration, subject to working capital adjustment, was US\$68.5 million for net assets sold of approximately US\$9 million.

Except for the above, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2003 that has significantly affected or may significantly affect the operations of Brambles, the results of those operations or the state of affairs of Brambles in future financial years, except as may be stated elsewhere in the Chairman's Review on pages 6 to 9, the Chief Executive Officer's Report on pages 10 to 13 and in the Business Reviews on pages 14 to 28.

Likely developments

Likely developments in the future operations of Brambles known at the date of this report have been covered generally elsewhere in the Annual Report. Further information in relation to such matters has not been included because the Directors believe it would be likely to result in unreasonable prejudice to Brambles.

Dividends

The Directors have declared a final dividend of 10 cents per share for BIL and a second interim dividend of 4.053 pence per share for BIP. The dividends for both companies will be paid on 9 October 2003 to shareholders on the register on 19 September 2003.

An interim dividend of 10 cents (3.757 pence) per share for both companies was paid on 10 April 2003 making a total of 20 cents (7.810 pence) per share for the year. Details of dividends paid during 2002 are provided in Note 24 on page 88.

Fixed assets

Movements in fixed assets are shown in Note 16 on page 83.

Directors

Details of each person who was a Director of BIL or BIP at any time during, or since the end of, the year, in addition to brief biographical details, are set out on pages 42 and 43. All the Directors held office throughout the year.

Under the Constitution of BIL and the Articles of Association of BIP, Directors are required to retire from the Boards and offer themselves for re-election at least every three years. Mr R D Brown, Sir CK Chow, Sir David Lees and Mr R C Milne will retire at this year's AGMs and, being eligible, offer themselves for re-election. With the exception of Sir CK Chow, these Directors are all Non-executive Directors and do not have contracts of employment with Brambles.

Sir John Parker has decided to retire from the Board at the conclusion of the BIP Annual General Meeting on 21 October 2003, and will not stand for re-election. Sir John has made a significant contribution to Brambles, and the Board thanks him for his efforts.

Mr R C Milne – who will stand for re-election this year – has indicated he will retire at the conclusion of the AGMs in 2004, having regard to his length of service, and as part of the Board's ongoing process of renewal.

Directors' meetings

Details of the general frequency of Board meetings and membership of Board committees are given in the Corporate Governance Statement on pages 47 to 49. The following table shows the actual Board and committee meetings held during the year and the number attended by each Director or committee member.

| | Board meetings | | | | | | Audit Committee meetings | | Remuneration Committee meetings | | Nominations Committee meetings | |
|-----------------|----------------|-----|---------|-----|--------------------|-----|--------------------------|-----|---------------------------------|-----|--------------------------------|-----|
| | Regular | | Special | | Special Committees | | (a) | (b) | (a) | (b) | (a) | (b) |
| | (a) | (b) | (a) | (b) | (a) | (b) | | | | | | |
| D R Argus AO | 6 | 6 | 6 | 6 | 2 | 2 | | | | | 3 | 3 |
| R D Brown | 6 | 6 | 6 | 5 | | | 4 | 4 | | | | |
| M D I Burrows | 6 | 6 | 6 | 6 | 1 | 1 | | | 5 | 4 | 3 | 3 |
| Sir CK Chow | 6 | 6 | 6 | 6 | | | | | | | 3 | 3 |
| G J Kraehe AO | 6 | 6 | 6 | 5 | | | | | 5 | 5 | | |
| Sir David Lees | 6 | 6 | 6 | 5 | | | | | 5 | 5 | 3 | 3 |
| F A McDonald | 6 | 6 | 6 | 6 | 2 | 2 | 4 | 4 | | | | |
| R C Milne | 6 | 6 | 6 | 6 | | | 4 | 4 | | | | |
| Sir John Parker | 6 | 5 | 6 | 5 | | | | | 5 | 3 | | |
| D J Turner | 6 | 6 | 6 | 6 | 2 | 2 | | | | | | |

Notes:

(a) This column refers to the number of meetings held while the Director was a member of the Board or relevant committee.

(b) This column refers to the number of meetings attended during the period the Director was a member of the Board and/or committee.

Remuneration of Directors and senior executives

A discussion of the Board's policy for determining the nature and amount of emoluments of Directors and senior executives, and of the relationship between that policy and Brambles' performance, appears in the Remuneration Report on pages 52 to 57.

The Remuneration Report includes details of the nature and amount of each element of the emoluments of each Director and each of the five executive officers of Brambles worldwide receiving the highest emoluments.

The Remuneration Report also includes details of the interests of Directors and their director related entities in shares and other securities of Brambles companies.

Contracts with Directors

Sir CK Chow and Mr D J Turner, being Executive Directors in the full-time employment of BIL, have entered into service contracts. Under the terms of these contracts, they are entitled to receive benefits including shares and options. The principal terms of contracts are described in the Remuneration Report on page 56.

Since the end of the year, no Director of BIL or BIP has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of Directors' emoluments shown in the attached financial statements) or fixed salary as a full-time employee of BIL or BIP by reason of a contract made by BIL or BIP, their controlled entities or a related body corporate with the Director, or with a firm of which the Director is a member, or with an entity in which the Director has a substantial financial interest.

Indemnities

Indemnities provided to the Directors and officers in accordance with the Constitution of BIL or the Articles of Association of BIP are detailed in Note 34 on page 102.

Corporate governance and corporate social responsibility

A report on Brambles' corporate governance practices is on pages 44 to 51.

A report on Brambles' corporate social responsibility policies, on issues such as health and safety, the environment, community programs and ethics, is on pages 29 to 37.

Share capital and options

There were no changes in the authorised share capital of BIP during the year. Details of the changes in the issued share capital of BIL, the number of shares reserved for issue in BIP and options outstanding over BIL and BIP shares at the year end are given in Note 22 on pages 85 and 86.

Substantial shareholdings

Details of substantial shareholdings in BIL and BIP are provided on page 66.

Employment policies

Brambles companies, together with Brambles' share of joint ventures and associates, employed approximately 30,000 people worldwide as at 30 June 2003.

Brambles companies recognise their obligations to comply with health and safety legislation and, through training and communication, encourage employee awareness of the need to create and secure a safe and healthy working environment. Further information about Brambles' employee and health and safety initiatives is set out in the Corporate Social Responsibility Report on pages 34 to 36.

Donations

Details of charitable donations are given in the Corporate Social Responsibility Report on pages 36 to 37.

No donations were made during the year for political purposes, as defined in the UK Companies Act 1985.

Policy regarding payment of trade creditors

It is Brambles' 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.

At 30 June 2003, there were 91 days' purchases outstanding in respect of Brambles costs, based on the total invoiced by suppliers during the year ended on that date.

Auditors

Following the conversion of the auditors of BIP, PricewaterhouseCoopers in the UK, to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as BIP's auditors on 29 August 2003 and the Board appointed its successor, PricewaterhouseCoopers LLP, in their place. In accordance with the UK Companies Act 1985, special notice has been received of a resolution to re-appoint PricewaterhouseCoopers LLP as auditors of BIP, and will be proposed at the Annual General Meeting.

PricewaterhouseCoopers' position as auditors of BIL is not affected by the above change.

Annual General Meetings

The BIL Annual General Meeting will be held at 3.00 pm on 18 November 2003 at The Wesley Centre, 220 Pitt Street, Sydney.

The BIP Annual General Meeting will be held at 10.30 am on 21 October 2003 at Congress Centre, 28 Great Russell Street, London WC1B 3LS.

This Directors' Report is made in accordance with a resolution of the Board.

CK Chow
Chief Executive Officer

D R Argus
Chairman

Dated: 2 September 2003